INDIAN TARIFF BOARD

EVIDENCE

Recorded during enquiry into the

STEEL INDUSTRY

Volume II

Applicants for Protection and Engineering Firms

DIRECTOR OF INDUSTRIES, BENGAL
LIBRARY.
13 MAY 1924

CALCUTTA
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QUESTIONNAIRES FOR WITNESSES.

The following Questionnaires were issued by the Tariff Board:—

I.—GENERAL.

(ISSUED TO ENGINEERING FIRMS AND ASSOCIATIONS.)

Letter, dated 29th August 1923.

I am directed to enclose a copy of a short questionnaire drawn up by the Tariff Board in connection with their enquiries into the steel industry.

2. The Tata Iron and Steel Company have put forward their claims to protection and have asked that the rates of duty on imported steel should be raised from 10 to 33⅓ per cent. An important aspect of the case is the effect which the imposition of duties at that rate would have upon other industries for which steel is an important raw material. It is from this point of view that the questions have been framed. The Board are most anxious to ascertain the views of the firms interested in iron and steel, and the questions are intended to indicate the main points on which they desire information. At the same time the Board would like to make it plain that the questionnaire deals with only one aspect of the case and is not intended to be exhaustive. It is, of course, open to any one to adduce evidence to show that protection for steel is unnecessary or that the amount proposed is either excessive or insufficient. Apart from that your firm may wish to direct the attention of the Board to other aspects of the case which are important to you. But for the present the proposal put forward by the Tata Iron and Steel Company holds the field and it is the duty of the Board to ascertain as far as possible what the consequences are likely to be if effect were given to it.

3. I am to ask that if you intend to lay any representation before the Board full information may be given on the points brought out in the questions. It is important that all such representations should be sent in with the least possible delay. Unless they are received by the 15th September it will be difficult for the Board to complete their work by the date when it will be necessary for them to submit their recommendations to the Government of India. If you desire to adduce oral evidence the Board will fix a date after receiving the written statement of your views. I am to add that if you put forward proposals for the protection of any articles manufactured by your firm, it is desirable that the question of the cost of production should be dealt with as fully as possible.

4. It is the intention of the Board to take evidence as far as possible in public in accordance with the recommendations made in paragraph 303 of the report of the Fiscal Commission. If, however, you are unwilling to publish part of the information you desire to lay before the Board, they will be prepared to treat it as confidential. It is to be remembered, however, that the Board may find themselves unable to base their recommendations on information which cannot be made public and it may, therefore, be important from your point of view that the main facts should be brought out in public evidence.

5. I am to request that, if possible, 6 spare copies of all documents placed before the Board may be sent.

6. All communications should be addressed to me at the office of the Board at No. 1, Council House Street, Calcutta.

QUESTIONNAIRE.

1. The proposal which has been put forward by the Tata Iron and Steel Company, is that the duties on imported steel should be raised from 10 to 33⅓ per cent. Do you consider that the adoption of this proposal would adversely affect the operations of your firm and if so to what extent?

2. What are the principal products manufactured by your firm for which steel is a necessary raw material?

3. State approximately the kinds of steel, and the quantity of each kind, required by the firm annually for the manufacture of their products.

4. What proportion does the cost of the steel bear in the case of each product to the total cost of the finished article?

5. What is the approximate Indian consumption of each product, and what proportion of that consumption is (*a*) imported or (*b*) manufactured in India?

6. What was the actual outturn by your firm during each of the last five years in the case of each product and what is the maximum outturn of which your plant, as at present organised, is capable?

7. Who are the principal consumers of the articles produced by your firm and for what purposes are they used? Are any of these products exported from India at present and if so to what extent?

8. Are any of the products of your firm used as the raw material for any other industry, and if so of what industries?

9. What foreign competition (including for this purpose competition from the United Kingdom or other parts of the Empire) do the products of your firm have to meet—

(*a*) in the Indian market,

(*b*) elsewhere?

10. Do you consider that, in accordance with the principles laid down by the Fiscal Commission in paragraph 97 of their report, the circumstances justify the grant of protection to any of the products (of which steel is the principal raw material) produced by your firm—

(*a*) if the duties on steel were to remain unaltered, or

(*b*) if the rate of duty were to be increased to 33⅓ per cent.?

11. If protection is considered necessary in the case of any product at what rate and in what form do you consider it should be granted?

12. Does the industry in which your firm is engaged ever suffer from dumping so far as those products are concerned for which steel is a principal raw material?

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II.—RAILWAYS.

(a) Steel Castings.

Letter No. 271, dated 19th September 1923.

In connection with the enquiries of the Tariff Board into the steel industry two commercial firms producing steel castings in India have put forward a request for protection. Complete statistics of the import of steel castings into India are not available in the Trade Returns, but the Board understands that the Railways are the chief consumers and I am, therefore, directed to ask whether you will be good enough to inform the Board of—

(*a*) the weight and value of steel castings imported as such by your Railway during the last 2 official years;

(*b*) the chief purposes for which these castings were used;

(*c*) the approximate weight and values, if ascertainable, of steel castings imported as parts of wagons, locomotives, carriage underframes or other important articles during the last 2 years.

(*d*) whether you expect that the annual requirements of your Railway will increase during the next five years.

2. If steel castings are produced for your own purposes in your own workshops, it would help the Board if you would state the amount of your output during the last 2 years.

3. One of the firms referred to above makes its castings entirely from steel scrap and the question has been raised whether the supply of raw material of this kind would be adequate for the manufacture of steel casting on a large scale. In order that they may satisfy themselves on this point the Board would be glad to know the average amount of steel scrap which your Railway can place on the market for sale annually.

(b) General.

Letter No. 272, dated 19th September 1923.

The Tariff Board have been directed to examine the question of protection to the steel industry and an important branch of their enquiry is the effect which the imposition of protective duties on steel would be likely to have on the Railways in India. I am directed to enclose a set of questions which have been drawn up on certain points regarding which the Board would be glad to have information from your Railway. I am to request that, if possible, the replies may be sent so as to reach the Board not later than the 1st November.

2. In my letter No. 271, dated the 19th September 1923, the Board have also addressed you regarding the requirements of your Railway in respect of steel castings, and another communication will be sent shortly on the subject of the claims which have been placed before the Board by the wagon building firms. Apart from the special problems, the Board will be glad to receive any expression of the views of your company on the general question of protection to the steel industry as affecting Railways which you may care to submit.

3. [To Companies other than (1), (2), (3) and (4).] If you desire that oral evidence on behalf of your Company should be taken, the Board will endeavour to arrange for this either at Calcutta before the 10th November, or at Bombay between the 12th and the 23rd November.

3. [To (3) and (4) only.] The Board would be glad, if possible, to examine a representative of your Railway orally at Bombay between the 12th and the 23rd November.

3. [To (1) and (2) only.] The Board would be glad to examine a representative of your Company orally at Calcutta. If possible this might be

done before the 12th October, but if the answers to the questions are not ready in time the Board will endeavour to fix some date after the Puja holidays and before the 10th November 1923.

General Questionnaire.

1. What do you estimate as the probable annual consumption during the next five years by your Railway of the kinds of steel included in the enclosed statement* which has been supplied by the Tata Iron and Steel Company?

2. To what extent would the annual capital or revenue expenditure of your Railway be increased if the import duty were raised from 10 to 33⅓ per cent., assuming that customs duty was payable on all imported materials and that the price was increased to the full extent of the additional duty?

3. What further increase of expenditure would result if the higher import duty were extended also to structural steel imported in a fabricated condition?

4. Would the increase of expenditure be of such magnitude as to render an increase of rates and fares necessary or to prevent a reduction in rates and fares which otherwise might have been possible?

5. Do you consider that the increase in the price of steel resulting from the raising of the import duty to 33⅓ per cent. would be likely to retard the construction of Railways in India?

6. Do you consider that the establishment of the steel industry in India is desirable in itself from the Railway point of view putting aside for the moment the question of the means by which that result is to be attained?

7. Assuming that the industry cannot be established without protection, in what form do you consider it should be given?

(c) Wagons.

Letter No. 313, dated 26th September 1923.

In connection with the enquiries of the Tariff Board two firms manufacturing wagons in India have put forward a claim for protection. I am directed to enclose a set of questions which have been drawn up with reference to this claim and I am to request that the Board may be favoured with the replies of your Company to these questions not later than the 1st November next, if possible.

Questionnaire concerning Wagons.

NOTE 1.—Quantities, weights and costs of the wheels and axles required for the wagons dealt with should be eliminated from the figures given in reply to this questionnaire.

NOTE 2.—Where possible figures should be given for (*a*) 1922-23, (*b*) 1923-24 and (*c*) probable average for the 4 years 1924-25 to 1927-28.

1. What is the total number of wagons used by your Railway? How many are of each of the main types?

2. What are the annual requirements of new wagons of each of the main types?

3. Do you build wagons in your own workshops? If so, please give details of costs for the main types.

4. How many wagons have been bought in India?

5. What have been the costs of each of the main types of imported wagons (*a*) c.i.f. Indian port *plus* landing charges and duty; (*b*) finally erected and ready to run, not including cost of wheels and axles, firstly, if erected in your

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* *Vide* Statement 2 (*a*) in the statements and notes received from the Tata Iron and Steel Company, Limited.

own works, and secondly, if erected by private firms. If erected in your own works please give details of costs.

6. For each of the main types of wagon what are the weights of the following per wagon?

(a) Total wagon.
(b) "B" Class steel used in manufacture of wagon.
(c) "D" Class steel used in manufacture of wagon.
(d) Steel castings used in manufacture of wagon.
(e) Spring steel used in manufacture of wagon.
(f) Steel plates and sheets used in manufacture of wagon.
(g) Structural steel (angles, channels, etc.) used in manufacture of wagon.
(h) Wrought iron used in manufacture of wagon.
(i) Iron castings used in manufacture of wagon.

If any other class of steel is used to an important extent please give information.

7. Have you adopted, or are you considering the adoption, for wagon axles, tyres and springs the alternative British Standard Specifications (Report 24, Nos. 3a, 5a, 6a) or any other specifications which permit the use of basis open-hearth steel for these purposes? If not, why not?

8. Do you consider that the establishment of a wagon building industry in India is desirable in itself from the Railway point of view putting aside for the moment the question of the means by which that result is to be obtained?

9. Do you think that it would be more economical in the long run for the Railways to develop their own wagon works?

10. The wagon companies in India are asking for assistance to an extent which would bring the price paid to them for an A-1 type broad gauge wagon to about Rs. 4,600 while the price of steel in India is as at present. They have also asked that if protective duties are imposed on steel they may be compensated for the resulting increase in their cost of production. They estimate that for each increase of 10 per cent. in the duty the cost of the finished wagon would go up by about Rs. 220. Assuming that assistance to the extent asked for is necessary and advisable, in what form do you consider it should be given?

11. If assistance were given in a form which would increase the cost of wagons to the Railways do you think that the increase would be of such magnitude as to render an increase of rates and fares necessary or to prevent a reduction in rates and fares which might otherwise have been possible? And do you consider that the increase would be likely to retard the construction of Railways in India?

III.—LOCAL GOVERNMENTS.

(a) Quantities of steel consumed in the mufassal.

Letter, dated 27th September 1923.

The appointment of the Tariff Board was announced in the Resolution of the Government of India in the Department of Commerce, No. 3748, dated the 10th July 1923, and at the same time the question of protection to the steel industry was referred to them for report. The Board have been able to obtain information regarding the major industries for which steel is a principal raw material, but so far they have not been able to collect much regarding the consumption of steel in the mufassal generally or regarding the minor industries dependent on steel. The main points on which the Board desire information are covered by the enclosed questionnaire and it would be of great assistance to the Board if a note could be prepared on these points by the local Director of Industries and supplied to them. Any observations which the Government of may care to make on some or all of the points will, of course, be welcomed by the Board.

2. I am to add that, if possible, the note now asked for should reach the Board by the 15th of November. The time within which the Board have to submit their recommendations to the Government of India is limited, and if the information is to be of use it must be received by the date indicated.

Questionnaire regarding quantities of steel consumed in the mufassal.

1. What articles made of steel are in common use in villages and small towns in ?

2. To what extent at present are the articles enumerated in the reply to (1) imported and to what extent are they manufactured in India?

3. Where the articles are locally manufactured to what extent are they made from steel bars (either imported or manufactured in India) and to what extent from steel scrap?

4. How far would an increase in the duty on imported steel from 10 to 33⅓ per cent. involve increased expenditure to the ordinary cultivator or to the resident in a small town?

5. What minor industries exist in for which steel is a principal raw material?

6. How would these industries probably be affected by an increase in the duty on steel from 10 to 33⅓ per cent.?

(*b*) Quantities of Steel purchased by Local Governments.

Letter, dated 3rd October 1923.

In the representation addressed to the Tariff Board by the Tata Iron and Steel Company the proposal has been made that the customs duty on imported steel should be raised from 10 to 33⅓ per cent. Under the existing rules customs duties are not payable on Government stores and an increase in the duty would not affect Government expenditure on imported steel although under the operation of the stores rules, it might lead to larger purchases in India at a higher price. It has, however, been urged by witnesses who have given evidence before the Board that customs duties on all imported stores should actually be paid by all purchasing Departments of Government. If this proposal were adopted Local Governments would be affected by an increase in the duty on steel to the same extent as other consumers, and the Board are anxious to ascertain, if possible, what the result would be so far as Provincial Governments are concerned.

2. I am directed to request that, if there is no objection, the Tariff Board may be furnished with information on the following points:—

(*a*) What was the average quantity of steel, whether fabricated or unfabricated, used annually by the Government of for public works during the last 3 years?

(*b*) Can this quantity be taken as an approximate estimate of their average annual requirements for the next 5 years?

(*c*) To what extent would the cost of the steel used by the Local Government be increased if the import duty on steel were raised from 10 to 33⅓ per cent. as proposed by the Tata Iron and Steel Company and duty were payable on Government importations of steel?

The Board will welcome any observations which the Government of may care to make on the basis of the facts disclosed.

3. I am to add that if possible the information asked for should reach the Board by the 15th of November next. The time within which the Board have to submit their recommendations to the Government of India is limited and if the information is to be of use it must be received by the date indicated.

IV.—SPECIAL.

Letter, dated 27th September 1923, (1) The Bengal Iron Company, (2) The Indian Iron and Steel Company, (3) The United Steel Corporation of Asia.

The Tata Iron and Steel Company in their representation addressed to the Tariff Board, have argued that, if adequate protection is accorded to the manufacture of steel, it is probable that other firms will also commence to manufacture and that before many years have elapsed the price of steel in India will be affected by internal competition and will eventually be brought down by this means to the world level. This question is of great importance in connection with the enquiries the Board are now carrying on, for so long as the manufacture of steel is carried on in India by a single firm only the danger of monopoly prices always exists.

2. To (1). The Board understand that some years ago your Company commenced the manufacture of steel but eventually abandoned the experiment, and the experience then gained will render your opinion of special value.

To (2). The Board understand that when the Indian Iron and Steel Company was formed it was intended to manufacture both pig iron and steel but that the scheme for steel manufacture has been dropped for the present.

To (3). The Board understand that the object in view when the United Steel Corporation of Asia was formed was to manufacture both pig iron and steel, but they do not know whether the manufacture of steel still forms part of the Corporation's plans.

3. (To all.) I am directed to enquire whether you would be prepared to assist the Board by furnishing them with a written statement of your views on the subject indicated in paragraph 1 above. The claim put forward on behalf of the Tata Iron and Steel Company is that the rate of duty on imported steel should be raised from 10 to 33⅓ per cent., and the question on which the Board would be glad to have the opinion of

the Bengal Iron Company
the Indian Iron and Steel Company
the United States Steel Corporation of Asia

is whether the imposition of that rate of duty would induce other firms to enter on the manufacture of steel. If you consider that the rate of duty proposed is (*a*) excessive or (*b*) inadequate to secure the object in view the Board will be glad to have your opinion.

To (2) only. Any information that can be given as to the reasons which led to the Indian Iron and Steel Company to modify their original plans for the manufacture of steel will be useful to the Board.

To (3) only. If, as things stand at present, the United Steel Corporation do not intend to proceed with their plans for the manufacture of steel, any information you can give as to the reasons underlying the decision of the Corporation will be useful to the Board.

No. 1.

Bombay Engineering Employers' Federation, Bombay.

Written Statement, dated the 17th September 1923.

At a meeting of my Federation on the 12th September 1923, a question was brought forward in connection with the claim of the Tata Iron and

Steel Company to protection and the suggestion that the rate of duty on imported steel should be raised from 10 to 33⅓ per cent.

I am desired to state that my Federation wish to register an emphatic protest against any proposal to have a Preferential Tariff of that nature.

It is understood that a Commission, which is sitting to deliberate on this question, will be shortly visiting Bombay and my Federation would be glad if they could be given an opportunity of deputing a representative to give evidence.*

No. 2.

Parry's Engineering, Ld., Calcutta.

Written Statement, dated the 14th August 1923.

With reference to press communiqué No. 35, issued by your Board and dated Simla, 17th July 1923, we have the honour to submit herewith a statement of our views upon the question of extending protection to the manufacture of steel in India.

The industry is already protected to the extent of 10 per cent. and though we are in favour of a tariff which will effectively carry out the proposal to assist the manufacture of steel in India we wish to point out that any protection will naturally be taken full advantage of by manufacturers in their selling prices, and that if the tariff rate is unnecessarily high the existence of other Indian industries will be jeopardised. We have ourselves experienced the tendency, when Steel prices were high, for buyers of manufactured goods to order only about half of their normal requirements with the obvious determination to do without a part of the goods even at some personal inconvenience. We cannot therefore urge too strongly the necessity to avoid indirectly overloading the consumer with tariffs which will handicap his spending capabilities.

During the war, when we supplied to the order of the Munitions Board large quantities of Light Railway Rolling Stock, Turntables, Switches, etc., we were encouraged by Government to extend our plant in India on the understanding that in the future supplies would, as far as possible, be purchased from Manufacturers in India. Any large addition to the cost of steel has a tendency to reduce our turnover with most disastrous results to the manufacturing costs.

Whilst on this subject we beg to draw your attention to the result of tariff revisions since the war.

(a) Under the old tariff, duties were as follows:—

	Per cent. Duty.
Article 59—Tipping Trucks	11
Article 84—Steel	2½
Protection to us as manufacturers	8½
(b) Under the present tariff duties are as follows:—	
Article 58—Tipping Trucks	15
Articles 83 and 84—Steel	10
Protection to us as manufacturers	5

It will thus be seen that already the alteration of tariffs has been most injurious to a local industry and we request that the case which we have illustrated above may be borne in mind when tariff adjustments are contemplated.

It will be observed that though we are in favour of a policy of encouraging Indian enterprise we are of opinion that all increases of tariffs are liable to produce hardship to some section of the community.

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* Note.—The Federation eventually declined to send a representative to give oral evidence.

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No. 3.

Messrs. Parry and Company, Madras.

Written Statement, dated the 3rd August 1923.

We have the honour to invite your attention to one of the disadvantages under which engineering concerns in this country are labouring by the alteration in tariffs which took place in 1922.

Under the old tariff though *Tipping Trucks*, for manual labour, were assessed to a duty of 11 per cent. and are now assessed to 15 per cent., the raw material from which they are manufactured was charged 2½ per cent. only whereas now it is charged 10 per cent.

The position for the manufacturer in India of Tipping Truck is therefore as follows:—

Under the old tariff.

	Per cent Duty
Tipping Trucks (Article 59)	11
Raw material for building above (Article 84)	2½
Protection to manufacturers	8½

Under the Current tariff.

	Per cent. Duty.
Tipping Trucks (Article 58)	15
Raw material (Articles 83 and 84)	10
Protection to manufacturers	5

At present the steel concerns in India are not rolling the sizes required for these trucks so that Indian manufacturers of trucks cannot put matters right by purchasing their material in this country.

We request that the import tariff on these trucks may be increased from 15½ to 18½, or even say 20 per cent., in order to provide the same protection to manufacturers in India as was provided under the old tariff.

No. 4.

Angus Company, Limited, Calcutta.

Replies to questionnaire No. 1, dated 4th September 1923.

1. We take it for granted that the Iron and Steel Company probably do not xpect to receive all that they have asked for. We think that a moderate ncrease in the duty say from 10 per cent. to 15 per cent. would not dversely affect the operation of our firm if the rate of duty on our manufacured product were also similarly advanced.

2. Textile machinery for jute mills and shafting for power transmission of ll kinds of mills.

Our engineering works are new with capacity much larger than the olume of business so far obtainable. The quantity of orders obtainable lepends somewhat upon the proportion of the orders placed in India and he proportion placed elsewhere. This in turn depends somewhat upon he rate of duty on imported machinery and the rate of duty on the raw naterial. At present, we have a 10 per cent. duty on iron and steel and a ½ per cent. duty on machinery. Two of the largest orders recently placed or jute mill machinery (Champdany and Victoria) were placed in Scotland. ur prices were about 10 per cent. lower but the buyers are not quite ertain that the quality of the Indian-made machinery would be equal to he machinery from United Kingdom. If the works were running to their full capacity, they would require roughly the following amounts per annum:—

	Tons.
Pig iron	6,000
Mild steel	2,500
Carbon steel	100
Brass	50
Copper	190
Tinplates	36
TOTAL.	

Approximately 20,000 sheets.

4. It varies greatly with the kind of machinery. On some kind of jute mill machinery, it would be as low as 20 per cent. to 25 per cent. while on some large orders for shafting it might run up as high as 80 per cent. to 90 per cent.

5. The articles which we chiefly make are jute mill machinery shafting and transmission material, locomotive cylinders, forgings, brass and gun metal castings. The ordinary Indian demand for these is probably sufficient to keep ourselves and competitors in India in these lines of work moderately busy if we could secure the orders which are now placed outside of India. In every case, we expect to sell to the Indian consumer at a price lower than the duty paid cost of the imported article and the ordinary difference is about 10 per cent. lower. Just at present, the trade in our line of work is going through a period of transition. Orders which formerly were always placed outside of India are now beginning to be placed in India and to a considerable extent. We take it for granted that this movement will continue and that after a few years nearly all of this business will be placed in India always assuming that the Indian Engineering Works will not be handicapped by placing a high duty on their raw material while giving a low duty to the finished articles imported in competition with their product.

6. Our Works are new and have not been running five years. Our Works have not yet been able to get under full headway for lack of sufficient volume of orders and the principal reason for this lack is some skepticism on the part of the buyers as to the Indian-made machinery being satisfactory in quality as compared with machinery from United Kingdom. However, on this point we have made such substantial progress that we think we are now able to offer pretty good evidence of the satisfactory quality of our product.

7. Jute mills for the jute mill machinery.

All kinds of mills and works for the shafting and transmission material.

Railroads, for the locomotive cylinders.

Railroads, mills, Port Commissioners, P. W. D. and others for general forgings.

No, our products are not exported from India at present to any extent. We think they are likely to be so exported in the future and especially to Eastern Asiatic ports.

8. Generally speaking, no, not to any considerable extent.

9. Our principal competition is from United Kingdom.

10. Yes, our industry complies with all the conditions laid down in paragraph 97 of the Fiscal Commission Report.

A. If the duties on iron and steel remain unaltered the duty on machinery should be increased from 2½ to 10 per cent.

B. If the rate of duty on iron and steel is increased from 10 per cent. to some higher figure, the rate of duty on machinery should also be increased to the same figure.

11. We have mentioned the rates in our answer No. 10. We think that protection should not be granted in any form other than a duty on imports.

12. No, our industry does not suffer from dumping.

For Answer to No. 3.

Approximate kind and quantity of steel which would be required by the Angus Engineering Works annually if the Works were fairly busy.

Kind of steel.	Tons per annum.
Best quality mild steel	1,925
Best quality carbon steel	75
TOTAL	2,000

For Answer to No. 4.

Angus Engineering Works Manufactures cost of steel in proportion to the total cost of finished articles, roughly estimated figures only.

Articles.	Cost of steel Per cent.
Jute mill machinery	30—35
Shafting	75—80
Miscellaneous forgings	50—60

No. 5.

The Shalimar Works, Limited, Howrah.

Replies to Questionnaire No. I, 11th September 1923.

We have to acknowledge receipt of your letter No. 203, dated the 5th September enclosing questionnaire drawn up by the Tariff Board in connection with their enquiries into the steel industry. We have to reply as follows:—

Answer to No. 1.—Yes. If the duty of imported steel is raised to 33⅓ per cent. it would adversely affect 50 per cent. of the operations of our firm.

Answer to No. 2.—Boats, Launches, Pontoons, Buildings, Steamer Repairs.

Answer to No. 3.—If working at our maximum output per annum:—

Mild steel.

	Tons.
Plates	1,500
Angles	1,000
Rounds	175
Flats	125
Joists	50
Channels	25
Bulbs	15
Rivets	400
Bolts and nuts	80
TOTAL	3,370

Answer to No. 4.—Boats and Pontoons 90 per cent., Launches 50 per cent.

Answer to No. 5.—Except for a few outside liners all our production is consumed in India and about 75 per cent. of the raw material is imported and used in the manufacture of the said articles.

Answer to No. 6.—

	Tons.	Tons.	Tons.
1918	330	800	40
1919	115	500	25
1920	280	1,800	125
1921	600	1,500	75
1922	230	850	45

Maximum as No. 3 paragraph, being about 130 per cent. more than these figures.

Answer to No. 7.—Calcutta Boating Firms, Port-Commissioners, Government for service on River Hooghly, Steamer Companies such as—

Asiatic Steam Navigation Co., Ld.,
Anchor Brocklebank,
Harrisons,
Bombay Persian,

and other Continental liners.

No exports except repairs to Home Steamers.

Answer to No. 8.—No.

Answer to No. 9.—(*a*) We have to meet competition from England in the construction of Tugs, Launches, Boats and in the case of repair work from Hongkong, Java, Straits Settlements and Ceylon, and for miscellaneous items such as coal tubs, from the Continent.

Answer to No. 10.—(*a*) No.

(*b*) Yes.

Answer to No. 11.—In the form of a bounty rate.

Answer to No. 12.—No.

General Remarks.—We are strongly opposed to protection in the form of increased duties on imported steel which would place Indian manufacturers in the hands of one Company (Tatas) to supply the whole of their demand.

But supposing the duty on imported steel is increased to 33⅓ per cent. would the steel industry in India receive any great stimulus throughout India. Preference as an encouragement to production is not a complete solution in itself—it is only a contributory one and its success is dependent on an ever-increasing efficiency in production. Apart from key industries the aim of a preference is not to preserve by subsidy an industry which—in the phrase of political economy—is outside the margin of cultivation because if a production is on an economically unsound basis—it must eventually come to grief. If Tatas are not to be beaten in the struggle for existence then perhaps they want assistance. But are they struggling for existence? And would any extra amount received in price from preference or protection be regarded as an addition to the income or dividend of the recipient or would it be used for the improvement of methods of production which is the only ultimate guarantee of the permanent preservation of the industry.

If the Board are satisfied that Tatas cannot reasonably be expected to carry on then the State ought to come to their assistance and a definite scheme of development planned out for a fixed period.

No. 6.

Mackintosh Burn, Ld., Calcutta.

Replies to questionnaire No. 1, dated 12th September 1923.

We are in receipt of yours of the 5th instant, and have pleasure in sending you herewith our answers to your questionnaire. We also enclose 6 copies of same as requested.

(1) Yes. It would increase the cost of erection of substantial buildings including dwelling houses, the excessive cost of which is already engaging the attention of a Government Committee in Calcutta.

(2) Buildings of every description.

(3) Rolled steel beams, Rolled tees, angles and channels, Mild steel plates, Mild rounds, squares and flats.

Our purchases of these items amounted to in 1921 (the only year for which we have figures ready to hand)

	Rs.
Local purchase	1,47,774
Imported	4,23,977

(4) The cost of steel work in relation to the total cost of a building is in the case of domestic buildings about 7½ per cent., in the case of large city blocks 22 per cent., and in the case of jute mills and other industrial buildings 33 per cent.

(5) We have not the statistics available.

(6) The approximate quantity of steel used in our business annually is 2,000 tons.

(7) The public generally but principally large industrial, mercantile and trades firms. No export trade.

(8) No, except that the excessive cost of factory buildings must operate against the extension of industries.

(9), (10), (11) These questions are inapplicable to the business of builders.

(12) No.

No. 7.

Messrs. Heatly and Gresham, Limited, Calcutta.

Written Statement, dated 24th September 1923.

We have to acknowledge receipt of your circular letter No. 259, dated the 15th instant, enclosing short questionnaire which has been read by us with interest.

The local manufacturing side of our business, however, is at present only a small one, and our requirements of raw material can be readily purchased by us locally.

At the present time we consider the adoption of the proposed increased duty of imported steel is unnecessary and likely to adversely affect trade, inasmuch as finished articles will, in consequence of this duty, of necessity be very much higher than is now the case.

No. 8.

Messrs. Jas. Alexander & Co., Ld., Calcutta.

Written Statement, dated 9th October 1923.

I have been following with interest the proceedings of the Tariff Commission and though I am not particularly anxious to appear in the limelight of a public examination, I feel that in the interests of the smaller engineering firms I should add my protest against any idea of protecting basic industries such as the manufacture of steel, etc., by the imposition of protective tariffs. There are many small firms like ourselves throughout Bengal engaged in general engineering work whose capital does not permit them to import or carry comprehensive stocks of iron and steel and who draw their supplies from local firms such as Jessop & Co., Balmer Lawrie & Co., Martin & Co. and the bazar firms. Since only a moderate percentage of the Tata Iron and Steel Company's output reaches Calcutta it follows that most of the raw material available locally is imported and the imposition of a heavy tariff would re-act on the smaller firms just as it would do in a greater measure on the larger firms. Business in the engineering trade is precarious enough at the present time without the additional handicap of an enhanced tariff on our iron and steel. Many of us are taking work at present at very little above cost merely to keep going and to keep our labour together. Staffs are reduced to a minimum and all unnecessary expenditure cut down. The general impression locally among those concerned is that the Tata Iron and Steel Company has become such a huge organization that it has got out of hand and now needs reorganizing on *economical business lines.* Were this done over-head charges would be reduced and the margin of profit increased. I have no direct knowledge of the proportion of their over-head charges but I think on investigation that it will be found to be much higher than it should be. Should it be desirable in the interests of the country that help should be given to the firm I humbly suggest that bounties in the form of a percentage on their output should be given until their present Government contracts expire. After that the contracts could be renewed but at a more equitable rate which would permit of the bounty being dispensed with. My firm came into being in 1915 and up to March 1921 we did a good deal of munition work. When this work ceased we concentrated on power transmission gear and two of our special line are the manufacture of wrought iron and cast iron pulleys and the production of shafting from rough mild steel bars. We use British mild steel for our shafting and also imported mild steel plates and rods for our wrought iron pulleys. These raw materials are imported under a tariff of 10 per cent. Finished shafting and manufactured pulleys, however, are imported into India under a tariff of 2½ per cent. We venture to suggest that the suggested bounty to the basic industries could be met by enhancing the import tariff on machinery, components of machinery prime-movers, railway material, etc. The war period gave a stimulus to the manufacture of such in this country and at the present time much more machinery and components of such together with components of railway materials, engineering requisites, electrical requisites, motor trade requisites and components are now manufactured than was the case prior to the war. This enhanced tariff would serve the whole purpose of encouraging the secondary industries and also furnish the means to help the basic industries. It should be an axiom that the import duty on raw materials should not exceed that on materials manufactured from the same raw materials. The wagon industry does not directly concern us but we beg to point out that the firms concerned deserve help since the mere fact of their existence tends to keep down the cost of imported wagons and certain component parts of wagons. We shall be pleased to reply in writing to any questions you may desire to ask or to give any information you may desire to have concerning our business.

No. 9.

J. C. Gammon (Bombay), Ltd., Bombay.

Written Statement, dated 29th November 1923.

Reference to the proposed increase of duty on steel we wish to record below our reasons against this.

Our business and that of other constructional firms in India depends largely upon our obtaining our materials at a reasonable price, and an increase in the price of steel would most certainly do us considerable harm.

Further we are faced with the necessity of purchasing steel from a single highly protected combine, and in the absence of healthy local competition what assurance have we that this combine will sell at more than a mere fraction below imported steel despite the fact that with the protection they ask they could no doubt do so and still make a fair profit?

Again can Tatas supply all the steel required by a firm such as ours? The majority of steel used by Reinforced Concrete Engineers is of small sections ½" and under, and according to our information Tatas have turned out *only a very limited quantity of this size*, and practically none of sizes *still smaller. We understand that the rolling of* small section bars is far less profitable than of heavier sections, and consequently Tatas would most probably roll the heavier and more profitable sections first, and users of small sections would undoubtedly be kept waiting indefinitely for their deliveries, besides having to pay a premium for the sections required.

The net result of this would be that we should have to buy from abroad as before and pay this excessive duty which will in no way help Tatas as an industry and yet cripple us as a firm.

If this contention is correct and we affirm it is we see no reason why a protective tariff should be put on small section bars at any rate.

After five years of war there are still large arrears of constructional work necessary in India. Even at *present* prices private individuals cannot construct a building and get anything like a fair return for their money, as is instanced by the large buildings on Ballard Estate which are lying empty and even incomplete. A further increase in the cost of steel would undoubtedly very seriously curtail private enterprise, and the numerous constructional and other classes of engineering firms, as well as merchants dealing in iron and steel who collectively have heavy vested interests in the country, and who are largely responsible for giving India her present trading credit and developing her internal wealth, would suffer to a very great degree.

No. 10.

The Enamelled Ironware, Ltd., dated 28th August 1923.

We have the honour to submit for the consideration of your Board the following particulars in connection with the Enamelled Ironware Company, of which we are the Managing Agents.

The Company's Factory is situated at Jamshedpur and is one of the Subsidiary Companies of the Tata Iron & Steel Co., Ltd. Owing to unavoidable delays we have not yet commenced manufacture and are therefore not in a position to make a formal application for protection for this industry. With reference, however, to the claim put forward by the steel industry for protection, we would point out that although for a period of five years we are covered by our Material Agreement with the Tata Iron & Steel Co., we would like to hold ourselves free to claim protection, corresponding to any duty that may be placed upon imported steel sheets, etc., on the expiry of our present Agreement. Unless protection is accorded to manufacturers of enamelled ironware in this country, they will be at a considerable disadvantage, assuming that steel prices are enhanced owing to the imposition of any import duty on steel, in competition with manufacturers in other countries, who would have a cheaper source of supply for their steel sheets.

We would also ask that in the event of any duty being imposed on imported steel before the Tata Iron & Steel Co. are themselves in a position to meet our requirements of steel sheets, some temporary relief should be given to the enamelled ironware industry to cover this period. The Company's Factory is the first undertaking of its kind in India and will in its initial stage require all the assistance, and protection from outside competition, that can reasonably be given.

If, as we hope, this letter is received by you before the Board concludes its sittings at Jamshedpur, we should very much appreciate a visit being paid to our works by the members of the Board, should it be found convenient. Although, as we have mentioned above, we have not actually commenced manufacture, the plant is erected and it is hoped to make a start, on an experimental scale, within the next fortnight. We are sending a copy of this letter to the Factory, where our Manager will be glad to make all arrangements for your visit if you will kindly communicate with him direct at Tatanagar. We have instructed him to place at your disposal any further information you may require and which we are in a position to give you at present.

No. 11.

The Tinplate Company of India, Limited, Jamshedpur.

Written Statement.

A.—Original representation from the Tinplate Company of India, Limited, dated the 14th August 1923.

We had the honour to enquire from you on 28th ultimo whether you would be favourably disposed towards our placing before you, on the occasion of your visit to Jamshedpur, the case of this Company for Protection, and we have to thank you for your reply of 31st ultimo agreeing to hear our views. We regret that, owing to illness, it has not been possible to place before you an outline of our case at an earlier date.

We now send you attached a statement of the broad lines on which we consider that the claim of this Company to assistance by means of a Protective Tariff should receive your favourable consideration. In handing you this, we venture also to draw your attention to the circumstances under which our Company originally came into existence, the exceptional difficulties with which it has been confronted in carrying out its original plans, and why it has been able to do so.

The inception of the Company was first mooted during the Great War when the enormous difficulties of importing Tinplates sufficient to meet the requirements of India for both Military and Commercial purposes naturally raised the question as to whether this material could not be manufactured indigenously. As the largest individual importers of Tinplates into India, the Burmah Oil Company, Limited, were the first to give the possibilities of the question their consideration and the result of this was the inception by them, in 1917, of preliminary negotiations with the Tata Iron and Steel Company, Limited, for the formation of a Company to be financed by these two great undertakings, the former of which agreed to purchase a very large portion of the Company's product and the latter to provide the raw material and other amenities which they were in a position to offer at Jamshedpur. These negotiations were well in train when the end of the War came and were carried to finality. Actual estimates of the cost of the necessary buildings and machinery were completed during 1919 and the Company was registered in January 1920. Tenders were then called for the materials required and orders therefor placed eventually, mostly in America owing to the more favourable terms offered by manufacturers in that country. As 1920 progressed, however, the fluctuations of exchange moved in a direction most adverse to the Company and it soon became evident that the capital originally estimated as sufficient for the Company would prove wholly inadequate. In such a serious position indeed was the Company placed as a result that consideration had to be given to the question as to whether after all the enterprise would not have to be abandoned. By the help, however, of the financial support of the Burmah Oil Company, Limited, work was carried on. There now supervened circumstances which necessarily further upset the financial calculations on which the conception was based. In the first place as you are aware in the period following the War the rates of exchange were most unfavourable to the purchase of plant in the United States, where, in addition, as elsewhere, the cost of all descriptions of material had risen to excessive levels. Further as the plant and machinery began to arrive in India in 1921 the Company was again handicapped by the greatly increased duties on imports into India which were brought into force.

Your Board will, we think, agree from a perusal of the above that the difficulties which this Company has had to face in bringing its plans to fruition have been more than ordinary and the successful future of the venture must still be exceedingly doubtful unless it can look to the considerate regard from time to time, as circumstances develop, of the Government of India. This new enterprise marks an important step in the industrial development of the Empire, and that it has been found possible by the successful initial operation of this plant to produce tinplates at Golmuri of the finest quality points to what may be achieved even with so difficult and trying a metallurgical operation as this in the direction of overcoming the natural and climatic and racial disadvantages under which India labours. Your Board will visit the Works and we need not, therefore, stress the exhausting and at the same time delicate nature of this continuous process and the obvious difficulties of successful operation in this climate. Nevertheless by installing specially designed machinery, buildings, and appliances those who were responsible for founding the industry in India and who persevered through disadvantages and against the most adverse conditions have the satisfaction of seeing the Indian operative engaged in an industry which, as our statement will show you, has had to be abandoned in many countries and, but for the support of Government, would not have been successfully continued in the United States of America. The ensured success of this great venture is, we submit, of the utmost importance to India, and that it presents to-day the most obvious instance in which the policy the Government of India has approved and adopted should be applied. In fact, there is little doubt that this Company would long ere now have shared the fate which overtook so many enterprises which were attempted at about the same time, had it been in the ordinary position of having to rely on the public entirely for the capital necessary to bring it into being and were it not in the position that it is, of having a certain market for the major portion of its initial output. The fact that the Tinplate Company did carry on to finality was due solely to the support which it has received from its sponsors, in money, materials and market.

Your Board will see the Works at Golmuri and there is no need, therefore, for us to enlarge upon their magnitude, and the care which has been taken to ensure that they are the embodiment of all that is most up-to-date. As they stand they are the finest Tinplate Works in the world, and we sincerely trust that the result of your Board's deliberations on our case for the imposition of a Protective Tariff will be such as to ensure that the great pioneer work of the Burmah Oil Company, Limited, and the Tata Iron and Steel Company, Limited, in launching this new industry will meet with the success which it merits and that the industry so founded will be rendered such assistance in overcoming its initial difficulties as will ensure the expansion of which it is capable in the future.

We have referred above to the founding of the Tinplate Industry in America, and as the circumstances obtaining in both countries appear to us to present many points of analogy, we have drawn a direct comparison between the two which is dealt with in detail in the attached memorandum.

Whatever further particulars of the Company's position you may require will be furnished to you in oral evidence by Mr. A. K. Faulkner, Chairman of the Board of Directors, Mr. H. D. Townend, the Company's Agent at Golmuri, and Mr. J. Leyshon, Works Manager.

Protection for Tinplate Manufacture in India.

Comparison with United States of America.

The tinplate trade in India to-day offers an immediate comparison with the tinplate trade in America thirty-three years ago. The American steel industry was developing and wanted outlets for its products. It could produce steel satisfactory for the manufacture of tinplates, but it could not compete with the old established trade of South Wales, which dates from the 17th Century, and even so long ago as 1815, was exporting £275,000 worth of tinplate annually. In South Wales the secrets of the trade have been handed down for generations from father to son, and for a new country to compete with them was impossible, except by importing crews from Wales itself and getting them to teach the

Welsh Competition.

Climate.

American workman, a process likely to be lengthy and very expensive. Again, climate was against the American manufacturer. The climate of South Wales was favourable to the continued and exhausting manual exertion of the Hot Mills, and in South Wales *no such temperatures have to be faced as in the United States of America.* It was in fact commonly believed in South Wales that tinplate could not be manufactured in the United States of America at all; that the intense heat during the summer months would make it impossible to operate the furnaces.

Official Attitude in United States of America.

The legislature, however, took the view that the development of so important an industry as tinplate manufacture was necessary to the country, and determined to put a duty on the import of tinplate such as would enable the American manufacturers to meet Welsh competition during the first few years of experiment and education, a previous effort in 1862 to establish the industry with the help of the import duty of 25 per cent., which was imposed for revenue purposes after the Civil War, having failed completely.

McKinley Tariff.

Accordingly in October 1890 the McKinley Tariff Act (*see* Appendix) was passed, imposing a duty of 2·2 cents per lb. on imported plate (equivalent to nearly 10 shillings per box) and although the intial mistake was made of delaying its action until 1st July 1891 (which drove up prices in the meantime with no benefit to the Exchequer), the Act was completely successful. Had it not been successful in creating an industry, it was to have lapsed at the end of six years, but, as the following table will show, it completely justified its object:—

Year.	Production in U. S. A.	Exports from South Wales to U. S. A.
	Tons.	Tons.
1891	(*a*)	325,150
1892	(*a*)	278,500
1895	86,512	210,545
1896	137,134	119,179
1897	199,541	63,851
1898	326,900	66,775
1899	360,870	(*a*)

(*a*) Figures not available.

Objections to Tariff.

There were, of course, some who raised objections to the duty: the fruit and meat canning interests in particulars, were for a time seriously affected, because tinplate prices not only rose against them but fell to their competitors abroad, the loss of the American trade having a depressing effect on Welsh tinplate prices to other countries. Further, the general public had to pay an increased price for anything packed in tinplate; in other words, the community was taxed for the purpose of starting an industry deemed to be an essential.

Vindication of Tariff.

The fact remains that to-day the United States is competing successfully with South Wales in foreign markets, and it may, therefore, be said that the present reduced duty of 15 per cent. *ad valorem* is more for revenue than protection purposes. Even, however, assuming that the American industry might still need this moderate protection, it does not follow that the McKinley duty was not justified. Without initial protection the United States of America would to this day be dependent for its supplies on South Wales.

Problems of Manufacture.

Although the McKinley Act was successful in making possible the manufacture of tinplate in America, the American manufacturers had many difficulties to face. The critics who held that it would be impossible to continue manufacture throughout the summer proved to be right, as were those who *held that America would be seriously handicapped by the lack of skilled labour. These two main difficulties were faced in characteristic fashion,* by a resort to better machinery and better equipment. Lofty, spacious buildings took the place of the low crowded buildings usual in South Wales, and machinery was developed to lighten the physical burden of the operatives and to displace some engaged on the more arduous jobs. Tinplate production to-day probably involves a smaller net expenditure of human energy in America than it does in South Wales, and the initial handicap of lack of trained labour may in the end almost be said to have favoured the United States of America, modern American machinery for rolling steel bars into plate having through force of circumstances been developed to a pitch unattained in South Wales.

Difficulties surmounted.

The grounds on which protection was demanded for the tinplate industry in the United States are those on which protection is asked for the industry in India.

Suitability of the Industry for India.

The manufacture of tinplate is suited to this country. The principal raw material, steel bar, is available and has been proved to be of the requisite fineness—no small tribute to the manufacturers; the Indian, under the trained leadership of millmen from South Wales, has shown himself to be a potentially capable tinplate worker; clamatic conditions, despite the unanimous contrary opinion, not only of the Welsh manufacturer, but also of the American, have proved no bar to continuous working throughout the Indian Hot Weather; and an enormous indigenous market exists for tinplate.

Difficulties in India.

These circumstances, requisite for the ultimate success of the industry and thus for a claim for protection, do not by any means remove all difficulties. Work may be possible through the hot weather, but necessarily at the expense of production and, therefore, additional overhead cost, and it has been made possible only by what in South Wales would be an excessive initial capital expenditure. With buildings of a spaciousness exceptional even for America, elaborate equipment for blowing cooled air on to the operatives, water-cooled floors and furnace fronts, chimney stacks of unusual height for carrying away noxious fumes, and generous spacing of machinery, no expense has been spared to counter the difficulties attendant on continuing one of the hardest known manual processes through the Indian Hot Weather.

Again, while it has been said that the Indian has shown himself to be potentially capable of becoming a tinplate worker it has yet to be proved that he will ever be able to work without expensive supervision on a scale unknown to other Indian industries. The most optimistic estimate places the ultimate number of skilled operatives required to help and supervise each Hot Mill crew of 18 at 3, or a proportion of 1 : 6, and the ability to cut down the proportion of supervisors to as far as one-sixth is solely due to the equipment installed, which is much bigger and more costly than that employed by the South Wales Manufacturer, and therefore adds proportionately to the overhead cost of production. There are, however, corresponding drawbacks to this use of less skilled labour. However, strict the supervision, a workman may by a single clumsy action "roll his tongs" and break a roll worth £200; work may be ruined by unskilful handling; a "hot neck" may be caused by inattention; and undue amount of steel may be wasted in scrap.

In short, to establish a tinplate industry in India necessitates the expenditure of capital on a scale unknown in South Wales, and the very means which make the industry possible are those which endanger its success.

Foreign Competition.

Competition in the trade is fierce, and it is not to be expected that South Wales will view with equanimity the loss of her trade with India, who is probably one of her three best foreign customers. India is a market Wales sought and developed when her trade with America began to fall off, after the passage of the McKinley Act, and from 4,500 tons in 1892 her trade in India had increased by 1,905 to over 44,000 tons. Consequently strenuous attempts will undoubtedly be made to meet the opposition from India. This argument will be carried further in oral examination.

Successful Production in India.

India possesses the natural facilities for developing this trade, but the trade cannot at once take full advantage of the facilities available. The Tinplate Company of India, Limited, has in a few months effected what the tinplate world declared to be impossible: tinplate has been produced in India of a quality comparable with any. One-third of their Works has been brought into operation with the help of the staff imported for the whole plant, but the task of spreading them over the remaining two-thirds will mean months of patient education and training. During this period every box produced will mean a loss, and here again it is true that the very means which will make the industry possible are those which endanger its success, for large production is essential to cut down costs.

Failures in other Countries.

Tinplate manufacture has been tried in Italy, Spain, Canada, Norway, Russia and Japan; but the attempts have been total or partial failures. Their failure has been due to technical difficulties unsurmounted, which is not the record of the infant Indian industry.

Effect of a Tariff.

The effect of a tariff on tinplate to the Indian community must, if it is to fulfil its object, result in an immediate rise in the price of tinplate, so that in giving protection to this industry India will be taxing herself. The operation of any tariff imposed should come into force on the day it is announced, as otherwise importers will immediately order two or three years' requirements in order to escape the incidence of the duty. From that day India will be paying more for her tinplate and, therefore, for everything packed in tinplate. No big export canning industry will, however, be endangered, as in America, and the incidence on the consumer will be small.

Future Production.

The Tinplate Company of India, Limited, has an estimated production of 28,000 tons per annum which is believed to be just over half of India's total requirements. If, however, the tariff fulfils its purpose, either the existing tinplate factory will be increased, or other tinplate works will be started. The factory at Golmuri has been designed as part of a Works of double the present capacity, which would not only meet the whole of India's requirements but also enable India to establish an export trade. Consequently, although Government must expect its revenue on imported tinplates to disappear gradually, the ultimate result should be that there will exist in India a large industry capable of continuing without support and with Indian money remaining in India instead of being sent abroad to pay for imported tinplate. Government is reminded of the difficulties which beset them during the War through lack of an Indian tinplate industry, a lack which at one time threatened seriously to interfere with the supply of containers for kerosene and petrol, both essential munitions for modern warfare, and for ghi and gur for the troops in Mesopotamia, East Africa and other theatres of war.

Blackplate.

It is comparatively easy to coat blackplate with tin, so that hand in hand with the duty on imported tinplate, as was done in America, should go a duty on imported blackplate. If a duty is imposed on tinplate and not on blackplate it is likely that "Dipperies" will be established in this country for the purpose of coating with tin imported blackplate, the resultant benefit to the country being practically nil. America met this objection by the Wilson Tariff Act, which in 1894 imposed a duty of 1·22 cents per pound on blackplate as against a duty of 1·2 cents on tinplate. This stopped the import of blackplate and drove the manufacturer to make his own tinplate entirely in America. Indian blackplate should similarly be protected by the Tariff which protects her tinplate.

Raw Materials.

Apart from the advantages possessed in the labour available, the industries of South Wales and the United States have at their command a highly developed market in the subsidiary raw materials. The best tin is obtainable from the Straits Settlements, but it is no cheaper to buy tin for India in Calcutta than in London, and such essential as Palm Oil and Pink Meal have likewise to be imported from abroad. All such materials required for India have to be obtained at a necessarily higher landed cost from the same markets and paying Indian duty. It is probable that in due course these subsidiary raw materials will be obtainable in India. The Oil Palm of West Africa should be capable of cultivation in India and it is possible that, with the demand created by the tinplate trade, a Palm Oil industry could be established in this country: alternatively an indigenous oil may be found which will displace Palm Oil. Similarly with Pink Meal, or Gypsum, of which deposits are known to exist in this country and may only require to be tested and sorted to meet local demands. Until then, however, these raw materials of the trade should be freed from import duty as America freed tin in 1895: she could produce tin, but not of sufficient purity, and the duty was taken off. India's revenues would not diminish by freeing from duty Palm Oil or Pink Meal, neither of which is used by others, and her loss of revenue on tin could be set against a revision of the tariff on steel.

The reliefs claimed are, summaried:

Protection Suggested.

(1) The imposition of a protective tariff on imported tinplate and imported blackplate.

(2) The freedom from import duty of
Tin.
Pink Meal.
Palm Oil.

as well as, in common with other metallurgical industries,

Sulphur for Sulphuric Acid.

The extent to which a tariff on tinplate and blackplate is claimed is the extent which will make it possible to develop the industry without loss and with a reasonable interest on capital. America found it necessary to alter the rate of duty from time to time, the early Acts and their effects being successively:—

—	Duty per lb.	Equivalent per Box.	Average Welsh selling price.	Approximate Equivlalent percentage.
1890 McKinley Tariff Act imposed on Tinplate.	2·2	s. d. 9 10·8	s. d. 14 4	Per cent. 69
1894 Wilson Tariff Act . . .	1·2	5 4·8	9 10¼	59
1897 Dingley Tariff Act . .	1 5	6 9	9 8¼	70
To-day		..	..	15

and similar alterations of duty to suit altered circumstances should be possible for India.

In the case of the Indian industry any tariff which is decided upon should be imposed as soon as possible, but not later than 1st January 1924, and should be reconsidered at the close of the fiscal year 1924-25.

APPENDIX.

Copy of clause in the McKinley Act relating to the tariff on tinplate:—

"All iron or steel sheets or plates, and all hoop, band, or scroll iron or steel, excepting what are known commercially as tinplates, terneplates, and taggers tin, and hereinafter provided for, when galvanised or coated with zinc or spelter or other metals, or any alloy of those metals, shall pay ¾ of a cent per pound more than the rates imposed by the preceding paragraph upon the corresponding gauges, or forms, or common or blacksheet or taggers iron or steel and on and after July 1, 1891, all iron or steel sheets, or plates or taggers iron coated with tin or lead or with a mixture of which these metals or either of them is a component part, by the dipping or any other process and commercially known as tinplates, terneplates and taggers tin shall pay 2·2 cents per pound: Provided that on and after July 1, 1891, manufacture of which tin, tinplates, terneplates, taggers tin, or either of them are component materials of chief value, and all articles, vessels or wares manufactured, stamped, or drawn from sheet-iron, or sheet-steel, such material being the component of chief value, and coated wholly or in part with tin or lead or a mixture of which these metals or either of them is a component part, shall pay a duty of 55 per cent. *ad valorem*: Provided further that on and after October 1, 1897, tinplates and terneplates lighter in weight than 63 pounds per 100 square feet shall be admitted free of duty, unless it shall be made to appear to the satisfaction of the President (who shall thereupon by proclamation make known the fact) that the aggregate quantity of such plates lighter than 63 pounds per 100 square feet[1] produced in the United States during either of the six years next preceding June 30, 1897, has equalled one-third the amount of such plates imported and entered for consumption during any fiscal year after the passage of this Act, and prior to said October 1, 1897: Provided that the amount of such plate manufactured into articles exported and upon which a drawback shall be paid, shall not be included in ascertaining the amount of such importations: And provided further, that the amount or weight of sheet-iron or sheet-steel manufactured in the United States and applied or wrought in the manufacture of articles or wares, tinned or terneplated in the United States, with weight allowance as sold to manufacturers or others, shall be considered as tin and terneplates, produced in the United States within the meaning of this Act."

B.—1. *Letter, dated 15th September 1923, from the Tinplate Company of India, Limited, forwarding statements Nos. 2, 3, 4 6, 7, 10, 10(a) and 11.*[2]

With reference to your letter D. O. No. 159 of 29th ultimo addressed to our Agent at Golmuri and to your letter No. 193 of 3rd instant to us we have the honour to return herewith the draft of the verbal evidence taken before the Board at Jamshedpur with all necessary corrections duly made as far as possible.

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[1] This limitation of weight was necessary to prevent the inclusion of galvanised sheets within the terms of this Act.

[2] This stipulation was retracted later.

We also enclose in quintuplicate the following statements forming part of those requested in your letter to our Agent. Statements Nos. 1, 5, 8, 9 and 12 asked for are not yet completed but we hope we may be able to submit them on Friday. We much regret that we have available in this office only one copy of the memorandum and Articles of Association of the Company.

Statement No. 2.—Estimate of cost of production.

Statement No. 3.—Detailing causes of increase of cost of plant over original estimate.

Statement No. 4.—Showing tonnages of blackplate and tinplate produced to date.

Statement No. 6.—Showing quantities of raw materials used and the amount of duty which is payable thereon.

Statement No. 7.—Statement of Share Capital and Debenture Loans.

Statement No. 10 and 10*a*.—Prices of English tinplate brought up to f.o.r. Shalimar basis.

Statement No. 11.—1 Copy of the Company's Memorandum and Articles of Association.*

We shall be much obliged if you will treat all these statements as confidential.

2. *Letter, dated 7th September 1923, from the Tinplate Company of India, Limited, including Statements Nos. 1, 5, 8, 9 and 12.*†

In continuation of our letter of 5th instant, we have the honour to enclose Statements Nos. 1, 5, 8, 9 and 12* as called for in your letter of 29th ultimo.

The only point on which we wish to comment is that our Statement No. 1 is incomplete owing to the absence of figures for exports of Tinplates from America to India, which have not yet come to hand. We hope, however, that we may be able to give these by the time our representatives again meet the Board.

Statement No. 1.—Exports of Tinplates to India as per cabled information

——	1913	1914	1919	1920	1921
From United Kingdom Tons	51·571	55·904	25·458	41·364	27·570
From U. S. A. . . . „	..	..	..	..	..
TOTAL .	..	..	..	..	..

Not printed.

† Copy of contract between the Burmah Oil Company, Limited, and the Tinplate Company of India, Limited.—Not printed.

Imports of iron or steel sheets or plates tinned into India as per Customs Returns.

——	1907-08	1908-09	1909-10	1910-11	1911-12
Tons	17·343	16·956	18·256	19·443	42·137
——	1912-13	1913-14	1914-15	1916-17	1917-18
Tons	..	52·836	50·442	47·406	44·126
——	1918-19	1919-20	1920-21	1921-22	1922-23
Tons	31·966	42·169	49·934	24·747	..

Imports of Tinplates into India since April 1923.

——	April.	May.	June.
Tons	4·897	2·539	2·221

Statement No. II.—Summary of estimate of cost of Tinplate.

——	2 Mills.	4 Mills.	6 Mills.
	Rs.	Rs.	Rs.
(1) Bars	8·982	8·982	8·982
(2) Works costs above nett metal . .	12·274	10·529	10·136
(3) Interest	4·456	3·664	2·733
(4) Depreciation.	2·754	1·853	1·350
	28·456	25·028	23·201
Add 10 per cent. for waste	2·846	2·503	2·320
	31·302	27·531	25·521
Credit for Scrap.	·420	·420	·420
	30·882	27·111	25·101

Statement No. III.—Details of causes for increase of final over original estimate.

Increase over original estimate	owing to exchange fluctuation . .		22,78,608
Do.	do.	enhanced prices and alterations in design	68,46,792
Do.	do.	enhanced customs duties . . .	1,12,140
Do.	do. .	addition of allowance for contingencies .	2,03,460
		TOTAL INCREASE .	94,41,000

Statement No. IV.—Tonnages produced by the Tinplate Company of India, Limited.

1923	Blackplate.	Tinplate.
	Tons.	Tons.
January	381	..
February	612	..
March	748	..
April	582	23
May	642	348
June	388	448
July	556	926
August to 28th	478	806
TOTAL	4,387	2,551

Total ultimate annual production	28,000
Average ultimate monthly production	2,33⅓

N.B.—As explained in oral evidence, the rate of production of blackplate has had to be curtailed since March to allow the Finishing Departments, which could not be started until 1st April, to catch up.

Statement No. V.—Terms of agreement with the Tata Iron and Steel Co. for the purchase of plates.

The Tinplate Company pays the Steel Company the price from trade papers of the cost of Sheet Bar f.o.r. Swansea.

The Tinplate Company receives from the Burmah Oil Company the open market price from time to time of Welsh tinplate landed at Shalimar Station, Calcutta.

The difference between the cost of manufacturing tinplates from bar at the f.o.r. Swansea price including depreciation and 6 per cent. interest on capital and the cost of Welsh plate both f.o.r. Shalimar is then shared between the Steel Company and the Tinplate Company. If the f.o.r. Shalimar cost of Indian tinplate is less than that of Welsh tinplate, the Steel Company receives from the Tinplate Company half the difference. If more, the Steel Company pays the Tinplate Company half the difference.

Thus:—

If Welsh tinplate costs Rs. 25 per box f.o.r. Shalimar and Indian tinplate costs Rs. 20 per box f.o.r. Shalimar including interest and depreciation with steel costing—£10 or say Rs. 150 f.o.r. Swansea then profit per box to Tinplate Company is Rs. 5 per box, equivalent to say Rs. 84 per ton of steel used.

The Steel Company receives half, or say Rs. 42, for each ton of steel supplied.

Thus, total amount received for their steel by the Steel Company is

	Rs.
Welsh price	150
Additional	42
TOTAL	192

And the shareholders divide the remaining **Rs. 42** *(assuming the whole is distributed as dividend) in the proportion of their holdings, viz.,* **Steel Company gets ⅓ or Rs. 14, Burmah Oil Company ⅔ or Rs. 28.**

Net result is that Steel Company gets Rs. 56 or ⅔ the total profit, Burmah Oil Company Rs. 28 or ⅓ the total profit.

If Welsh tinplate costs Rs. 22 per box f.o.r. Shalimar and Indian tinplate costs Rs. 24 per box f.o.r. Shalimar with steel costing £9 or say Rs. 135 f.o.r. Swansea then loss to the Tinplate Company is Rs. 2 per box or, say, Rs. 33 per ton of steel used.

The Steel Company pays back Rs. 16-8 per ton and thus get

Rs.	A.	P.	
135	0	0	
16	8	0	
118	8	0	per ton

for their steel and shareholders share loss of Rs. 16-8 in proportion of holdings, *viz.*, Steel Company ⅓ or Rs. ⅝, Burmah Oil Company ⅔ or Rs. 11.

Nett result is that—

Steel Company pays Rs. 22 or ⅔ the total loss.

Burmah Oil Company Rs. 11 or ⅓ the total loss.

Statement No. VI.—Statement showing the quantities of different kinds of raw materials required by the Company annually for the manufacture of tinplate with an estimate of customs duty paid on imported articles.

Material.	QUANTITY.	COST C.I.F. CALCUTTA.		IMPORT DUTY.	
	No. Unit.	Per Unit.	Total.	Rate.	Amount.
	Tons.	Rs.	Rs.	Per cent.	Rs.
Steel Bar	35,000	..	..	..	..
Coal	22,000	..	..	..	..
Acid	2,200	..	..	*..	35,200
Tin	400	2,500	11,00,000	15	1,65,000
Palm Oil	130	570	74,100	15	11,115
Pink Meal . . .	268	50	13,400	15	2,010
Zinc Chloride . . .	60	460	27,600	15	4,140
	60,098	..	12,15,100	..	2,17,465

Incidence of duty per box = Rs. 3,624.

*** This represents duty on sulphur, *viz.*, Rs. 18 per ton of sulphur, equal to about Rs. 16 per ton of acid.**

Statement No. VII.—Statement showing the Share Capital and Debenture Loans of the Tinplate Company of India, Limited.

	Rs.
Ordinary Capital, fully issued	75,00,000
Debentures authorised	1,25,00,000
	2,00,00,000

Debentures carry interest at the rate of 10 per cent. per annum.

Statement No. VIII.

In Statement No. II the estimated cost of production for 2, 4 and 6 mills respectively is given. Since the Company's Representatives gave evidence before the Tariff Board in Jamshedpur, a third Hot Mill has been brought into operation and four mills will be operating by the cold weather of the current year, six mills we hope by the cold weather of 1924.

Statement No. IX.—Comparison, present and estimated future, of numbers and wages of Indian and imported labour.

	PRESENT.				ESTIMATED WITH 6 MILLS OPERATING.			
	No.		Wages.		No.		Wages.	
	Indian.	Imported.	Indian.	Imported.	Indian.	Imported.	Indian.	Imported.
			Rs.	Rs.			Rs.	Rs.
Bar Department .	39	1	530	820	50	1	1,500	1,000
Hot Mills . .	529	54	13,540	51,820	1,064	54	37,500	66,000
Shearing & Opening	93	2	2,960	2,100	245	2	9,000	2,800
Black Pickling .	33	1	860	960	43	1	1,800	1,150
Annealing . .	55	3	4,250	3,200	65	3	5,000	3,450
Cold Mills . .	72	2	2,200	1,900	101	2	3,500	2,100
Tinhouse & Warehouse.	195	14	6,000	11,000	342	14	12,500	16,100
Maintenance Dept.	248	2	4,940	3,200	500	2	15,000	3,400
	1,264	79	35,280	75,000	2,410	79	85,800	96,000

N.B.—Wages of Imported labour includes Leave Pay and cost of passages.

Statement No. X.—Welsh tinplate prices per basic box (from Trade Papers).

*N.B.—*The basic box contains 112 sheets 20″×14″ and weighs 108 lbs. *All costs are worked to this basis.*

—	April 7th.	August 4th.
	£ *s.* *d.*	£ *s.* *d.*
Price f.o.b. Wales	0 25 7	0 23 1½
Freight and insurance	0 2 1	0 2 1
c.i.f. Calcutta	0 27 8	0 25 2½
	Rs.	Rs.
Equivalent to	20·75	18·906
Present duty (15 per cent. on Tariff valuation)	2·00	2·00
Landing Shalimar	·25	·25
f.o.r. Shalimar	23·00	21·156

These are representative prices which would be payable by the Burmah Oil Company for prime plates manufactured by the Tinplate Company of India, Limited, and delivered f.o.r. Shalimar.

* * * * *

The costs on Statement (2) were based on prices ruling on April 7th, on which date Welsh sheet bar cost £10 or Rs. 150 per ton f.o.r. Swansea. On 4th August (see Trade Papers) the price was £9-2-6 or Rs. 136-14-0 f.o.r. Swansea. The difference in cost to the Tinplate Company of India, Limited, by using steel at Rs. 136-14 per ton as against £10 per ton, is Rs. ·86 per box, so that to compare prices on a 4th August basis Rs. ·86 must be deducted from the Indian costs, *viz.*:—

2 Mills.	4 Mills.	6 Mills.
30·882	27·111	25·101
·86	·86	·86
30·022	26·251	24·241

Profit and loss on 7th April basis :—	2 Mills.	4 Mills.	6 Mills.	5 years' average.
Indian tinplate f.o.r. Tatanagar	30·882	27·111	25·101	26·659
Freight to Shalimar	·500	·500	·500	·500
f.o.r. Shalimar	31·382	27·611	25·601	27·159
Welsh tinplate f.o.r. Shalimar	23·000	23·000	23·000	23·000
Loss per box . . . . Rs.	8·382	4·611	2·601	4·159
Profit and loss on 4th August basis :—				
Indian tinplate f.o.r. Tatanagar	30·022	26·251	24·241	25·799
Freight to Shalimar	·500	·500	·500	·500
f.o.r. Shalimar	30·522	26·751	24·741	26·299
Welsh tinplate f.o.r. Shalimar	21·156	21·156	21·156	21·156
Loss per box . . . . Rs.	9·366	5·595	3·585	5·143

Statement No. X(a).—Profit and loss with 45 per cent. Tariff.

	April 7th.	August 4th.
	Rs.	Rs.
Welsh tinplate *c.i.f.* Calcutta	20·75	18·906
45 per cent. duty	9·34	8·508
Landing charges	·25	·250
f.o.r. Shalimar	30·34	27·664

Profit and loss on 7th April basis :—	2 Mills.	4 Mills.	6 Mills.	5 years' average.
Indian tinplate f.o.r. Shalimar	31·382	27·611	25·601	27·16
Welsh tinplate	30·340	30·340	30·340	30·34
Loss per box . Rs.	1·042	...	...	...
Profit per box . „	...	2·729	4·739	3·18
Average annual profit on 520,000 boxes p.a.	...	...	...	Rs. 16,53,580
Available for dividend, half per cent. dividend on Rs. 75 lakhs.	...	...	...	„ 8,26,800 11·82 per cent.

Interest already included 6 per cent.
Total return on capital 17·82 per cent.

On 4th August basis :—				
Indian tinplate f.o.r. Shalimar	30·522	26·751	24·741	26·300
Welsh tinplate	27·664	27·664	127·664	27·664
Loss per box . Rs.	2·858	...	...	...
Profit per box . „	...	·913	2·923	1·364
Average annual profit on 520000, boxes p.a.	...	...	...	Rs. 7,09,280
Available for dividend, half per cent. dividend on Rs. 75 lakhs.	...	...	...	„ 3,54,640 4·73 per cent.

Interest already included 6 per cent.
Total return on capital 10·73 per cent.

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3. *Letter, dated 2nd October 1923, from the Tinplate Company of India, Limited, enclosing Statements Nos. 13, 14 and 15.*

We have the honour to send you herewith Statements Nos. 13, 14 and 15 and a revision* of Statement No. 9 as promised to the Board during our evidence given in Calcutta on 10th ultimo.

2. We would also ask you to draw the attention of the Board to an error in the evidence on page 52. After Professor Kale's remark "They might be amalgamated" we believe that a reply by Mr. Townend and a query by

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* **Revised Statement has been substituted for the original.**

Professor Kale have been omitted but we regret that we cannot recall what **the remarks omitted were. It is, however, evident that Mr. Townend's observation "That may be so: I think the Burmah Oil Company would be inclined to do that" was not what he actually replied to Professor Kale's suggestion.**

Statement No. XIII.

In the proceedings at Jamshedpur, Mr. Ginwala asked the question "Do you think it possible to cancel this contract to get out of the difficulty?" to which Mr. Townend replied, "I cannot say, but this I know that but for their contract we should have no claim for protection, practically."

The proper reply to Mr. Ginwala's question, if it referred to the contract with the Tata Iron and Steel Company, would have been "We cannot say, but the Company would have need of greater, not less, protection if it were not for the existence of the contract."

Statement No. XIV.

We recommend an *ad valorem* system of duties of tinplate, as best meeting all conditions.

The price of tinplate depends mainly on the gauge or thickness of the steel contained in it; although special tin coatings are applied for certain purposes, the quantity of tin used per box is in general very much the same, whatever the gauge of the steel. As tin is much more valuable than steel, it is clear that the lighter gauges of tinplate are proportionately more valuable than the heavier gauges and could bear a higher specific duty.

To effect this would require a sliding scale of duties, dependent on gauges. Any sliding scale, however, would be difficult to frame and very difficult to operate in the Customs, and it would seem necessary, if the *ad valorem* system be inadmissible, to impose a duty on weight. Although this would unduly favour the lighter gauges, it would at least be workable in the Custom Houses.

A 45 per cent. duty on tinplates, at c.i.f. prices ruling in 1923, would represent Rs. 8-8-0 to Rs. 9-1-0 per basic box of 108 lbs., or from Re. 0-1-3 to Re. 0-1-4 per lb. Representative figures are as follows:—

—		February 3.	March 10.	April 7.	August 4.
c.i.f.	Sh.	24/4	24/7	27/8	25/2½
	Rs.	18·25	18·44	20·75	18·91
45 per cent. duty . .	,,	8·21	8·30	9·34	8·51

Statement No. XV.

The value of blackplate is 75 per cent. to 80 per cent. the value of tinplate of the same gauge. If tinplates are paying duty *ad valorem*, the same percentage can equitably be charged on blackplate. If a specific duty is imposed (say on the basis of weight), 80 per cent. of this specific duty should be imposed on blackplate.

A 45 per cent. duty on tinplate, as per Note II, represents from Re. 0-1-3 to Re. 0-1-4 per lb. The corresponding duty for blackplate would be about Re. 0-1-0 per lb., or about Rs. 7 per cwt.

C.—Letter, dated 9th January 1924, from the Tinplate Company of India, Limited, forwarding a note showing the position at the Company's Works, up-to-date.

Prior to the submission by your Board of its report to the Government of India we wish to add to the information already placed before you, bringing your data as regards the position at the Tinplate Company's Works up-to-date, and commenting briefly on a few points which arose in the evidence given on behalf of the Company. We enclose a note on the subject in quintuplicate and trust it is in time to be included in the papers relating to this Company's case.

Note showing the position at the Tinplate Company's Works, up-to-date.

Progress.

Big Production.

Imported Staff.

Since evidence was given before the Tariff Board in August and September, all six mills in the Factory at Golmuri have been started up, an event which was in no way foreseen or even contemplated when the representatives of the Company gave evidence before the Tariff Board. It was only decided in mid-October to attempt to bring the factory into full operation this cold weather and the fact that we have succeeded in doing so is due to the energy and ability of the men on the spot coupled with the excellence of the plant installed at the Mills. It is to be noted, however, that a comparatively minor accident may cause one or more mills to be shut down, more especially as the rapid expansion to six-mill working has left the Company without the operating spares which, with only four mills working, would have been drawn from the remaining two. The Company is likely to be financially embarrassed by having to procure a safe quantity of spares for the complete operation of the Hot Mills, but it is obviously the wisest policy to get as much production as possible, as soon as possible, in order not only to reduce overhead charges but also to get settled down to efficient working before the trying Hot Weather arrives. The expansion to six mills has necessarily entailed a considerable extra strain on the imported staff, but the result has been achieved, temporarily at any rate, with much less European help than there was reason to expect at so early a stage in the operation of the plant. Instead of the three European hands per mill, which has always been regarded as the minimum, there have at times been only two working on a mill. Nevertheless, nothing has happened to alter our opinion that for many years to come there will be need of a large number of skilled imported tinplate workers.

Costs.

Despite the expansion to six mills, costs for 1923 will not be as low as was hoped when an output for the year of 261,450 boxes of finished tinplate was anticipated in August, for the reason that, owing to the delay in starting up the Finishing Departments, it was not possible to work more than half the ordinary number of shifts throughout the Monsoon. In all, 181.347 boxes have been produced during the year, at a total estimated cost of Rs. 34,843 per box. It is confidently anticipated that the average cost for 1924 will be not more than the Rs. 25,101 per box estimated for six-mill working, and it is hoped that from 1925 onwards the cost may be lower, as efficiency improves and production approaches the maximum of which the plant is capable under Indian conditions. Actual costs for 1923 are not yet available, but the indications are that actuals will check closely with estimates.

Output.

A revised statement of output is enclosed to take the place of Statement 4 submitted to the Tariff Board, from which it will be seen that the tonnage of blackplate produced during the year was almost 10,000 tons.

Consumption of Tinplate in India.

In the absence of data contrary to that given to the Tariff Board in Statement 1 and subsequent letters it may be concluded that the figure of 56,000 tons consumption suggested in the evidence is somewhat on the high side and that India's present annual consumption is more likely to be in the neighbourhood of 50,000 tons.

Proportion supplied by the Company.

Of this quantity it is, we think, fair to estimate that the Oil trade consumes about 40,000 tons. With an estimated production of 21,000 tons of Oil plate and 7,000 tons suitable for other purposes, the Company, therefore, expects to meet over a half of the demand from the Oil trade and 7/10ths of the demand from other customers. It can be confidently stated, therefore, that the quantity of Tinplate to be taxed by a Tariff will be less than the quantity proudced indigenously.

Importance of the Kerosine Oil Tin.

In view of the suggestion at the enquiry that, in aiming at supplying primarily the oil trade, the Company were supplying a closed market rather than the general public, it is necessary to emphasise the importance of kerosene tinplate to India. The kerosene tin serves but a fraction of its life as a mineral oil container. Almost as soon as it has completed its short journey from the port of entry of the kerosene oil, its contents are decanted into less precious containers and the tin itself starts its career as a container for vegetable oils and other liquids, and for flour, sugar, and other solids, until it eventually reaches its final destination as the raw material of the lamp manufacturer in the bazaar, or as the roof or the wall of a house. By supplying the oil trade with its tin, the Company are supplying the public with an indispensable article of general use. The oil companies, happily requiring a container for sending their oil to stations up-country, provide an almost ideally economical and efficient means for its distribution. In contracting for most of their output with an Oil Company (and incidentally that having the largest consumption of tinplate) the Company have thus ensured that their products will reach the largest possible circle of the general public and that the incidence of any Tariff to the extent that it may be passed on by the Oil Companies to the consumer will have the broadest possible basis and constitute the minimum possible burden on the individual.

The Sales Contract.

It does not harm the argument for protection that the particular Oil Company with whom the Company have contracted for the bulk of their production is their largest shareholder. The argument is the same with whatever Oil or other Company the sales contract had been made. The Tinplate Industry is not asking for any tariff that will give the shareholders more than a reasonable return on their money (*vide* Schedule 10A) and certainly not more than the consumer-shareholder could earn elsewhere were it to sell out its holding as it would be quite prepared to do once satisfied that it had secured its aim of establishing the industry in India. Therefore, it is misleading to argue that the present identity of the major consumer with the major shareholder in any way affects the Tinplate industry's claim for protection. That consumer *qua* consumer will get its tinplates no cheaper from India than it could by buying from the cheapest foreign source, and the shareholder *qua* shareholder will earn no more than it could earn elsewhere. The Tinplate Company would have a claim no different in kind were it a public Company without sales contracts, but it would have an even greater need for protection without the purchase and price guarantee ensured by the forward contract.

No guarantee of profits.

The guarantee is not, however, a guarantee of profit, as seemed to be the opinion of the Board at the Enquiry. The Company is simply guaranteed the full landed price of foreign tinplate for its plate of a quality suitable for the manufacture of oil tins to the extent of the requirements of the Oil Company with whom it has made the forward contract. If it costs more to produce tinplate in the Factory at Golmuri than it does to import from abroad, the Company will obviously be producing at a loss (which is now the case), the ultimate logical result being the closing down of the industry in India. The primary object of the promoters of the Company was to establish the industry in India, not to make large profits, but they would clearly get no benefit from running the Factory at a loss.

The Country's Sacrifice.

Reference has been made to the sacrifice which the country would make in protecting tinplate, the suggestion being that no increase in the price of tinplate to the consumer would be justified, and inferentially that no increase in the price of anything would be justified. Followed to its logical conclusion, this argument means that the protection of infant industries is indefensible, which would cut the feet from beneath the whole Tariff enquiry. When a successful indigenous industry displaces imports of a product which has been subject to an import duty (like tinplates), it is evident that, except for the relatively small revenue from income-tax and other general taxes, the Exchequer is out of pocket to the extent of the customs duty lost by the cessation of imports. This loss is initially offset by the increased revenue from the tariff on such foreign goods as still enter the country, but as indigenous production expands to displace these imports the whole loss falls to be raised by general taxation. Hence in effect the country is always taxed whenever a successful indigenous industry replaces foreign imports; and this is the case whether the indigenous industry develops behind a Tariff wall or otherwise. The whole argument for protection rests on the belief that the accelerated industrial development arising from the protectionist policy, accompanied initially by the financial assistance of the Tariff, enables, and more than enables, the country to support such additional imposts. It cannot, therefore, be termed a sacrifice to spend money on behalf of an industry in the hope that its success will contribute to the industrial development of the country. Such an expenditure is an investment, not a sacrifice.

The country's investment will, of course, be lost if the industry fails, as will the capital put into it by the promoters, but if helped through the difficult period of education of the country's people, there is every reason to believe that the tinplate industry in India will be a financial, as it has already proved a technical, success. If so, the country will reap an ample reward in the shape of increased indigenous employment, favourable adjustment of the balance of trade—the Tinplate Company's production by itself means a reduction in India's imports by more than one crore of rupees per annum—security of supplies, and all the other benefits derivable from a country's industrial development.

Tonnage produced by the Tinplate Company of India, Limited, 1928.

	No. of shifts worked.	Blackplate Tons.	Tinplate Tons.
January—April	416	1,611	
May	100	641	
June	60	388	
July	82	556	
August	68	599	
September	177	1,092	
October	242	1,524	
November	296	1,829	
December (to 22nd) . . .	254	1,565	
Total .	1,695	9,805	8,627

N.B.—Production during the first four months of the year as given in the original estimate were estimates only, and have been revised when the plate was passed over the scales to the Finishing Departments later in the year.

Oral evidence of Messrs. H. D. TOWNEND, A. K. FAULKNER, J. B. BACKHOUSE and J. LEYSHON, representing the Tinplate Company of India, recorded at Jamshedpur, on the 28th August 1923.

President.—At the outset I should like to say that the members of the Board were much interested in all that they saw during their visit to the Tinplate Works, and they desire to acknowledge the readiness with which the officers of the Company answered their questions and explained the whole process.

We have read with interest the representation you have sent us—both the covering letter and the memorandum. I take it that the main object of the representation was to give an outline of the general principles in accordance with which the Company consider that the Tinplate industry is entitled to protection. But of course when the Tariff Board come to grips with the question, we have to deal not only with general principle but, also, as far as we can ascertain them, with the actual facts. I think it is likely that to-day we may ask questions of a statistical kind which you may not be able to answer at once, since you may wish to refer to your books and consider the matter deliberately before answering. In that case we will make a note of the point and send you a written request for the information desired. That might be sent to us in writing and thereafter, if necessary, we might examine the representatives of the Company again in Calcutta.

In the first place I should like to put some questions as to the market for tinplate in India. Can you give us any figures showing the approximate consumption of tinplate in India?

Mr. Townend.—We can give you the figures of imports as recorded by the Customs but prior to April of this year the tinplate was not recorded separately. Therefore the figures are approximate.

President.—Can you give us the figures for one quarter?

Mr. Townend.—I do not think we have got figures for July. I am speaking from memory when I say that 4,000 tons were imported in April. We have however figures of export from South Wales prior to the war and after that we can give you as an indication.

Pesident.—You can let us have the figure of annual exports from South Wales to India.

Mr. Townend.—I am sorry I have not got it here but it is about 56,000 tons a year.

President.—Does that include tinplate only or black plate also?

Mr. Townend.—I am not sure. Customs figures are given for steel sheets and tin sheets but I do not know how much of them are steel sheets.

President.—Have you got figures for black plate for the same period?

Mr. Townend.—We have not.

President.—It is rather important that the Board should have information on this point. Can you suggest any way in which the Board could explore the matter?

Mr. Townend.—We can only get the information from London because the Customs here have not got the figures.

President.—It must have been important to you at the time you formed the company to know what the consumption was.

Mr. Townend.—We knew it was large and we had some indication of the total quantity exported. I shall give you the figures* this afternoon or to-morrow morning.

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* *Vide* Statement No. 1.

President.—What is the annual quantity which the Burmah Oil Co. require for their trade purpose?

Mr. Townend.—We have no information as to the total quantity but they will require all that we can give them of a particular quality.

President.—It is rather important for our purpose to ascertain how the total demand of India is divided amongst different classes of consumers in India.

Mr. Townend.—We have an estimate that the oil companies use ¾ths of the total plate imported.

President.—Are you in a position to form any estimate as to how the Burmah Oil Company demand compares with the demand of other companies?

Mr. Townend.—We cannot very easily give you an estimate except by inference.

President.—Of course it will be perfectly open to the Board to ask the information from the Burmah Oil Company themselves. At present you have not got the information.

Mr. Townend.—No.

President.—For what purposes apart from kerosene and petrol tins (*i.e.*, the demand of the oil companies) is tinplate used in India.

Mr. Townend.—I take it, it is used for cigarette tins, tea tins (for retail trade in tea), biscuit tins, a certain amount for tinned-fruit tins and then for ghee. Of course second hand kerosene tins are used for every purpose in India.

President.—The trade in second hand kerosene tins is not of any immediate interest to your company. After all you hope some day when your works are in full operation to sell tinplates to other consumers. It is just to get a general outline of the different kind of people who do purchase these tinplates that I put this question.

Mr. Townend.—Tinmen of the bazaar use tinplate for making lamps, boxes and odd little things.

President.—We have to get an idea of that to find out whether it is a fair proposal to put a duty on tinplate. I think you said in your representation that during the war the Government of India were in great difficulties to obtain kerosene tins which they required not only for petrol and kerosene but also for sending ghee, etc., to the troops. Can you amplify the statement in any way?

Mr. Townend.—We are aware that they were exploring every avenue to find a substitute for tinplate. They tried as a substitute glass bottles. Somebody suggested papier mache which never succeeded. They themselves were importing vast quantities of plates from home to make ghee and other tins.

President.—At the time of the formation of the company were there any negotiations with the Government on the subject?

Mr. Townend.—I do not think so.

President.—Are you in a position to indicate what the demands for cigarette tins, tea canisters, biscuit tins, etc., are, and where the industries using tinplates are located.

Mr. Townend.—There is a biscuit factory near Calcutta. The headquarters of the tea retailing industry to whom we have made sales are in Calcutta. There are also cigarette factories in Guntur and Monghyr. There is a canning factory in Portuguese India. I believe I have seen advertisements of canning factories elsewhere.

President.—When your works are in full operation what is the capacity of your works for the manufacture of tinplate?

Mr. Townend.—About 600,000 boxes a year which we estimate to be equivalent to a little bit more than 28,000 tons.

President.—When did you begin to operate the factory?

Mr. Townend.—We first rolled steel on the 18th December last year. We may be said to have started rolling properly on the 1st January this year. We started what we term the finishing departments on the 1st May.

President.—Then I take it that, since you have only been in operation for a comparatively short time, it would be very difficult for you to answer any question about the cost of manufacture and all figures will have to be on a hypothetical basis. I do not want to press the question in any way but if you have any figures that you think would be likely to assist the Board in the matter of your cost I shall be glad to have them. But you will judge for yourself because it is obvious that we cannot get very much further about cost at present.

Mr. Townend.—We can give you an indication* but we cannot give a detailed indication except in private. That is most important.

President.—If you would like to supply us that in the form of a statement* on the subject and ask us to treat it as confidential, it will be kept so.

Mr. Townend.—We would like to discuss it with you privately.

President.—That will be a matter to be taken up after the Board has seen the figures and that might be done at Calcutta. It is hardly any use discussing figures when we have not had an opportunity of looking at them and knowing what they mean.

The next branch of the subject I would like to go into is capitalisation of the company. When it was originally formed what was the total share capital?

Mr. Townend.—Rs. 75 lakhs.

President.—I understand that at the outset the idea was that the Burmah Oil Co. and the Tata Iron & Steel Co. were to take up the bulk of the shares.

Mr. Townend.—Yes.

President.—Can you give me the terms of the arrangement at the start?

Mr. Townend.—I believe you have a copy of the agreement.

President.—I do not think we have. The Tata Iron & Steel Co. furnished us with a summary of the terms of their contract for the supply of steel bars. But this is a different matter. Can you tell me when the capital was actually subscribed and what proportion of the shares these companies subscribed.

Mr. Townend.—Burmah Oil Co.—one share under 50 lakhs. Tata Iron & Steel Co.—25 lakhs and one share over.

President.—For practical purposes these shares are entirely divided between these two companies.

Mr. Townend.—Yes.

President.—In your representation you mention the financial difficulty which the company found in getting its works constructed. As far as I understand the representation the main difficulties were three:—

(1) the rate of exchange was less favourable than you had anticipated;

(2) the prices you had to pay in America for machinery, etc., were higher than you had anticipated;

(3) at the time when the construction materials actually reached India the customs duties were enhanced and you had to pay higher customs duties.

Do these three heads exhaust the list of the important unanticipated difficulties you had to meet?

Mr. Townend.—I think there is one other thing. The machinery cost us more than was originally contemplated but the machinery actually installed

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* *Vide* Statement No. II.

was very much bigger and more elaborate than that originally contemplated but the difficulty underlying this is that in our estimation to make this trade a success in India we must have that machinery. It has necessarily a much bigger overhead charge to bear than the home tinplate industries do.

President.—Then the increased expenditure which the company had to meet when compared to the original estimates was due in part to the provision of a better equipment than you had originally contemplated.

Mr. Townend.—Yes.

President.—Can you tell the Board to what extent your original estimate was exceeded?

Mr. Townend.—The final estimate will probably be about double the original. The final actual figures are not yet ready.

President.—For our present purposes anything within a lakh would do. If it is not yet complete what do you anticipate it is likely to be.

Mr. Townend.—The actual cost according to the final estimate was nearly 2½ times the original estimate. I should say Rs. 150 to Rs. 160 lakhs.

President.—Then may I put down Rs. 150 lakhs provisionally as the figure you expect the whole installation will cost.

Mr. Townend.—Yes.

President.—Are you in a position to tell the Board to what extent each of the different causes I mentioned contributed to this excess expenditure, *i.e.*, how far it is due to exchange, higher prices a more complete equipment and higher rates of customs duty.

Mr. Townend.—No. 3 makes the success of the mill possible. I shall give you the information* in Calcutta.

President.—In your opinion any mill that is to manufacture tinplates successfully in this country must have a similar equipment.

Mr. Townend.—I should think so.

President.—You are referring, I take it, to things like cooled floors, high buildings, extra space in the mills, etc.

Mr. Leyshon.—All these were taken into consideration to meet Indian conditions.

Mr. Mather.—The mills, I believe, are actually of the size originally intended.

Mr. Townend.—No. They are much bigger.

Mr. Leyshon.—I might say in this connection—there was another young man here as Works Manager before me and it is only within the last year that I have taken hold of them—that these are more modern mills than originally contemplated. From the information I received it was intended to be something in the same line as in South Wales but it is more modern—heavier machinery, water cooled floors to keep the works cool—so that it is possible to get more tonnage.

President.—I take it that, whereas part of your equipment was put in specially to meet Indian conditions, the larger mills, assuming that they are advantageous, would be equally advantageous in whatever country they were put up.

Mr. Townend.—There is this point to be remembered that conditions in America are very much like those in India in that they had to make skilled men out of unskilled men whereas in South Wales they get skilled men from skilled fathers from generation to generation. In getting our equipment from America I think we have done a commonsense thing.

President.—It is quite sufficient for my purpose if I may take it that in certain respects you provided an equipment which in America would not be provided.

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* *Vide* Statement No. III.

Mr. Townend.—The latest American ideas as opposed to South Wales.

President.—I think you said in your representation that the additional expenditure which had to be met could not have been met at all without the assistance of the Burmah Oil Company?

Mr. Townend.—Yes.

President.—Are you in a position to tell the Board what form the assistance took—whether the issue of additional shares, of debentures or simply of cash advances?

Mr. Faulkner.—In the shape of debentures.

President.—Can you tell us the amount of debentures that were issued or will be issued.

Mr. Faulkner.—The total debentures would be about 125 lakhs.

President.—Then on that basis do you anticipate that the share capital and the debentures together would give you a certain margin for working capital over the fixed expenses?

Mr. Townend.—Yes.

President.—Were these debentures sold solely to the Burmah Oil Company?

Mr. Townend.—Yes.

President.—What is the highest rate* of monthly production of your mills as regards the rolling process?

Mr. Townend.—I can answer that in another way. We are only working one-third of the total number of the mills. We are producing more than we anticipated to do on these mills, but of course we are using the whole of our skilled imported staff to do it and therefore naturally we should be getting more production. I should make it clear that the reason why we started the tinning machines four months later than the Hot Mills was because we had not completed the Finishing departments and a stock of black plate accumulated. We have only been working the Hot Mills three or four days a week recently. We hope one month hence we shall operate fully whatever Hot Mills we have running.

President.—What are your expectations?

Mr. Townend.—We expect three Mills will be started within three weeks from now and the fourth as soon thereafter as possible. We hope to get the 5th and 6th Mills into operation the following cold weather but, if we can get them into operation earlier, we will do so.

President.—That is to say by March 1924 you will have four Mills running and by March 1925 you hope to have six Mills running?

Mr. Townend.—Yes.

President.—Then you anticipate that your outturn will be up to what you expect?

Mr. Townend.—We believe so.

President.—With the imported skilled labour concentrated on two Mills you expect that?

Mr. Townend.—I may hope that with the four Mills running it will not fall below that.

By March we shall undoubtedly be working up to the estimated production of the four Mills. That may be taken at 18,000 tons a year.

President.—That is about two-thirds of your 28,000 tons.

Mr. Townend.—Yes.

President.—The materials that you require for the manufacture of tinplates will be in the first place steel bars which come from the Tata Iron & Steel Company, and there is the tin of course. You have mentioned in your representation other articles, such as sulphuric acid, pink meal and palm oil. Are there any other raw materials which are important?

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* *Vide* Statement No. IV.

Mr. Townend.—We only picked out some of the articles which are more or less peculiarly associated with Tin Mills. We have of course the miscellaneous requirements—tools, machinery, etc.,—which are required in any large concern.

President.—Tools, machinery, etc., are, of course, inevitable.

Mr. Townend.—May I ask your object in asking this question?

President.—You have made a definite proposal in regard to the removal of duty on certain things and we are naturally assuming that these are things which are important from your point of view and that, if there were other important matters you would have mentioned them.

Mr. Townend.—We have mentioned these only because they are far more important to us than articles which other firms also use in the manufacture of their products. For example, in a place like India where vegetable oils can be had in abundance, nobody would use palm oil if they find a substitute but this is very important to us for the manufacture of our products and it is handicapping us to impose a duty on palm oil.

President.—Are there any other materials you have to import.

Mr. Townend.—We have to import specialised grease as lubricants for the Hot Mills and Cold Rolls. We have, I regret to say, to import tanned fleeces for our Tinning Machines, having been quite unable to get the right sort of fleece in India.

Mr. Leyshon.—These are required for the cleaning process, *i.e.*, to get rid of the palm oil.

President.—Is there anything else you would like to mention.

Mr. Townend.—There is one thing which we have to import at the present moment which is peculiar to our manufacture. These are chilled rolls for the mills which we will probably not be able to get in India for many years to come.

President.—Do they come in under Machinery in the Tariff?

Mr. Townend.—We had a tough fight with the Customs in that connection.

President.—*Primâ facie* it would come under machinery.

Mr. Townend.—The Customs place them under spares.

Then except for the steel and necessary coal, and sulphuric acid which is our life blood, the chief requirements of the tinning machines are palm oil, chloride of zinc, fleeces and so on. We do not use any other raw materials which we have to import.

President.—As regards sulphur that is a matter which the Tata Iron & Steel Company are also bringing up. I understand that the special case on behalf of that apart from the importance of cheap sulphur for the manufacture of sulphuric acid is the fact that there is no sulphur in India. The same applies to palm oil and pink meal.

Mr. Townend.—I don't think we want to press that question if it is going to cause any embarrassment to Government with regard to the Customs schedules, but if you charge any duty on them it will be an additional handicap.

President.—Palm oil, I understand, is used by the Tinplate manufacturers and by nobody else?

Mr. Townend.—Yes. The only reason why the Tinplate Company are using palm oil from West Africa is that we cannot find a substitute. Otherwise nobody in India which is the home of vegetable oils, would dream of importing from Africa.

President.—So far as you know it is not imported by anybody else?

Mr. Townend.—No.

President.—Is pink meal used for any other purpose?

Mr. Townend.—No.

President.—In that case the duty Government received on these articles will not be considerable? It may mean something to you but from the revenue point of view it is not very much.

Mr. Townend.—No. Tin we should like Government to consider. We use about 450 tons of tin a year. I don't know how this compares with the total imports.

President.—Of course tin is undoubtedly used for a good many other purposes and any question about tin would raise wider issues.

Mr. Townend.—I expect freeing a thing from duty does not raise the wider issues that imposing a duty does.

President.—I am doubtful about that! Is any tin produced in Burma at present? There might conceivably be a question there. Some producers of tin might say that it was unfair that the duty should be removed. Can you give me the figure of your annual requirements of tin on the basis of 28,000 tons of tinplate.

Mr. Townend.—450 tons annually.

President.—I do not know whether you would be able to give me any information on another subject. Take as an example the case of tinned fruits. Can you give me any sort of figure as to the proportion the value of the tin bears to the value of the stuff tinned in it?

Mr. Townend.—I think you ought to ask the people who prepare the stuff for the information, but I think a small tin would probably cost one anna.

President.—The reason for my putting it to you just now was to see whether you had any information on the point, because to the extent the costs were raised to them which they could not pass on to anybody else, to that extent they would be handicapped in their business. The other point is that they might come forward and ask for compensating protection.

Mr. Townend.—The ordinary things tinned in India are to the best of my knowledge indigenous to India such as mangoes and chutnies. I was trying to show that the canned stuff would not be affected by an increase in the price of tins.

Mr. Mather.—Sardines or similar fish are also tinned in India. These might be affected as against imported sardines.

President.—You do not propose, I understand, to manufacture tins yourselves. Where is the actual manufacture of things like kerosene tins and other tins carried on in India?

Mr. Townend.—At the point where the oil is received from the exporter, in other words at a port. The Burmah Oil Co. manufacture tins at Budge Budge, Madras, Rangoon, Bombay, etc. The other big oil companies do the same.

President.—Where are other kind of tins such as cigarette tins manufactured?

Mr. Townend.—There is no particular place where these are manufactured. They are manufactured at the place of use. It does not pay to transport empty tins.

President.—There is no separate manufacture of tins then on any considerable scale.

Mr. Townend.—Everybody manufactures for himself.

President.—I wanted to be sure about that in case that point is brought up.

I think perhaps it will be useful if we go on to the question of your contract with the Tata Iron and Steel Company for the supply of steel bar and also, if you have any such contract,* your contract with the Burmah Oil Company for the disposal of the finished product.

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* Not printed.

Mr. Townend.—We sell to the Burmah Oil Company at the lowest price at which they could have purchased tin plates from South Wales landed in Calcutta. We sell at the import cost of our competitors.

President.—What quantity of tinplate are the Burmah Oil Co. required or entitled to take under the contract?

Mr. Townend.—They are required to take up to our total production of the quality suitable for them. They have got to take all the plate we can make of their quality up to of course the figure of 28,000 tons.

President.—If you were subsequently to extend your works they would not be bound to take a larger quantity.

Mr. Townend.—There was some question about their buying, in the event of that happening, such additional quantities as the company may think fit to sell them.

President.—There is only one point at the moment. Are they in any circumstances liable to take more than 28,000 tons?

Mr. Townend.—No.

President.—I understand that up to that limit, given the quality, you can require them to take. Conversely can they compel you to sell to them any plate of that quality that you produce?

Mr. Townend.—They have the first call on our production.

President.—It works both ways. They have to buy and you have to sell at the prices they would have to pay in Calcutta if they imported themselves including the customs duty.

Mr. Townend.—Yes.

President.—Therefore if you receive protection you would get the benefit of the price obtained from the Burmah Oil Company?

Mr. Townend.—Yes.

President.—What do you anticipate, when you reach the stage of producing 28,000 tons, the proportion of your output will be of the Burmah Oil Company quality?

Mr. Townend.—About 75 per cent.

President.—Do the annual requirements of the Burmah Oil Co. amount to as much as that?

Mr. Townend.—Certainly.

President.—You expect that you will be able to dispose of that quantity to them eventually?

Mr. Townend.—Yes.

President.—And for the balance you have to find another market?

Mr. Townend.—Yes.

President.—Let us turn now to the contract with the Tata Iron & Steel Co. for the supply of steel bars. We asked Mr. Peterson for the information and he gave us a summary of the contract but was unable to explain it. I think it would be very useful if you could give us some explanation of it. The prices might be taken as they are to-day and the production at some arbitrary figure and on that basis the actual working of the contract might be illustrated simply to enable us to understand how the contract would actually apply.

Mr. Townend.—We should have to consult the Tata Iron & Steel Co. You say that Mr. Peterson endeavoured to explain this to you.

President.—Not successfully I am afraid. As far as I could understand the summary that was placed before us it seemed likely that the price the Tata Iron & Steel Co. would obtain for the next five or six years was likely to be a low one and that, to my mind, is an absolutely vital question for the purpose of our enquiry. I want to ascertain what the effect of the terms of sale to the Burmah Oil Company and the terms of purchase from

Tatas would be and how exactly they will operate. Because it obviously must have a profound effect on the finances of your company.

Mr. Townend.—We shall give you a statement* on that.

President.—It is hardly possible to go into this most important question of all until we get this information. The summary which Mr. Peterson gave was not clear.

Mr. Townend.—We could put it in much simpler language for you Sir.

President.—As I understand it, there is a provisional price to be paid in the first instance f.o.b. Swansea. Should I be very far out if I put Rs. 100 as a hypothetical figure?

Mr. Townend.—That is too low. You can put it down at Rs. 150.

President.—Very well. Then at the end of the year you have got to determine the average price at which the Burmah Oil Company would have bought. What figure would you put down for that? If you give us the actual calculation then we shall be in a position to see what price the Tata Iron & Steel Co. would actually be receiving on that basis and the importance of it comes in this way. As we cannot arrive at present at an accurate figure for the cost of production, we have to get at it from the other side on the basis that unless your costs can be reduced to a certain figure you will be producing at a loss. But then the contract comes in. As far as I can judge it seems to come to this that a large share of the loss will fall on the Tata Iron & Steel Company.

Mr. Townend.—That is perfectly correct.

President.—On the other hand the Burmah Oil Co. have a considerable financial liability in that respect, but so far as the price of the tinplate is concerned they are completely protected.

Mr. Townend.—That is correct.

President.—These are very important questions from our point of view.

Mr. Townend.—If you protect steel and do not protect tinplate you do not protect that part of the steel which goes to make our tinplate.

President.—I quite see that and also of course the effect of raising the duty. Under the terms of your contract with the Burmah Oil Company the effect would be that you would get the price to the full extent of the duty provided the manufacturers in other countries do not lower their costs in order to keep up the competition.

Mr. Townend.—If you give this trade protection we do get the benefit.

President.—And also the Tata Iron & Steel Co.

Mr. Townend.—Who would not get any benefit otherwise from protection.

President.—You have not in your representation made any definite proposal as to the amount of protection you consider necessary.

Mr. Townend.—No.

President.—Are you prepared to help the Board in that matter.

Mr. Townend.—We believe 45 per cent. but we would like the Board to examine our figures and form their own conclusions.

President.—Are you contemplating putting any further figures before the Board in addition to those we have discussed?

Mr. Townend.—Of course we would like to, but the figures we have already discussed will be those which will show the amount of protection we think we ought to have.

President.—I think it is obvious that there must inevitably be serious difficulty in this case because, assuming 45 per cent., the Board would have to satisfy themselves that there is a case for protection and until you operate for a certain period it would be exceedingly difficult to form any estimate of your cost of production. It is the cost of production which must determine what amount of protection is necessary.

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* Statement No. V.

Mr. Townend.—We can give you further help in that. We can give you certain minimum figures below which we know, humanly speaking, we shall not get. We can give you figures of the amount of tin required to make a box of tinplates. We can base our figures on foreign practice. We can give you the amount of steel that is in a box of tinplates. We can give you the amount of other raw materials, acids, etc. We can tell you what is the minimum we can cut down the acid consumption and we can give you our cost. There are certain very well defined figures which we can certainly give you.

President.—We shall be very glad to have them, and of course the sooner we get them the better.

Mr. Townend.—I think we can help you to a large extent now if you will discuss them with us in private. It is very difficult to understand the figures in the form of a statement.

President.—The Board would not refuse to discuss them in private if the Company consider that necessary. The same question was raised by the Tata Iron & Steel Company the other day. But I should like to say this, that we do attach great importance to publicity and in particular regarding any figures which we adopt as the basis of our recommendations as to the amount of protection required. It would be exceedingly difficult, I think, for the Board to say " we have seen figures which satisfied us but we cannot make them public." That might put us in serious difficulty. I quite recognize your difficulty also. But on the other hand the people likely to be affected by the grant of protection have a claim that the reasons for granting protection should be placed before them. What Mr. Peterson told us was that he hoped it would be possible, after showing the Directors the record of what passed in our private discussion with him, that the Directors would agree to the publication, if not immediately in two or three months time, of the greater part of them. It is possible that a similar arrangement might be possible in this case also. But there is this aspect of the case that the legislature in a matter of this kind are I think entitled to be satisfied that the case has been fully made out. We should certainly not refuse to discuss the information privately if you are not inclined to discuss it in public. The difficulty would be this, not that we have any objection to receiving this information but we might find ourselves unable to use it. However, whatever information you send us marked confidential, will be treated as confidential.

Mr. Townend.—If any figures are necessary from our records for the purpose of your recommendation we would gladly give them to you and you could ask us if we have any objection to the publication of such and such figures.

President.—We should certainly do that.

Mr. Townend.—I believe I am right in saying that most of our figures are more or less unintelligible to the general public and only people directly concerned with tinplate will know what we are driving at.

President.—I do not mean that it would be necessary for the Board to understand how each figure was arrived at. The final figure for each item it might be very necessary to explain. I think it possible that we might get over the difficulties when the time comes. Take the question of the price of tin and that is an example of others.

Mr. Townend.—We do believe that our competitors will be able to understand our figures.

President.—That I quite understand. However, I do not think we need discuss this further at this moment. We shall be very glad to have the figures and I understand that at any rate until we discuss them they should be treated as confidential. Then we can go into the matter more fully when we meet at Calcutta.

There is another aspect of the case to which I want to go on. The Tata Iron and Steel Co. in their representation advanced as one of the arguments n favour of granting protection to steel, namely, that the natural advantages to the Company or the seel manufacturers are so great that in say 25 or 30 years the country will be in a position to compete with the foreign manufacturers of steel. How far do you think this applies to the tinplate industry?

Mr. Townend.—We believe that given a good start we shall be able to compete with the world manufacturers within say 10 years. So much depends on the price in the trade. The tinplate trade is a much more flexible trade than steel.

President.—Your main disadvantages at the start are I gather in the first place you have got to pay high wages to imported labour, and in the second place you have got to train Indian labour and according to your representations I understand you expect that for a considerable time you will require to employ a certain amount of imported labour. In so far as that is the case, must not these disadvantages be considered permanent?

Mr. Townend.—I should say not.

It is very difficult to say but when we get our mill fully operating I believe we can get our cost down to the extent that they have at home and in America. The fact that we have only one-sixth their number of experienced tin workers on the hot mills ought to be in our favour. The kind of imported help we need in this trade is so unusual compared to what we are accustomed to have in India in the case of other industries. Our men actually do the work. So long as we are able to get a reduction in their number we shall probably be able to carry on at a comparatively small cost.

President.—How many covenanted employees have you at present?

Mr. Townend.—Between 80 and 90.

President.—Is that the number you think which will suffice for your full outturn when all your mills are working?

Mr. Townend.—At the present moment I think that that will be sufficient. We might have to increase in some directions and be able to decrease in other directions.

President.—To what extent would you be able to reduce that in ten years? Taking the total of your covenanted staff what reduction do you hope to make in five years, ten years, or whatever period you select?

Mr. Townend.—We would not like to make any suggestion as to reduction at this stage. We are doing a good deal when we say that we are confident of running our four mills with the present staff and hope to be able to do it even when we start the other mills.

President.—From my point of view it is an important question as to the eventual removal of the necessity of employing imported labour. That is to say, if the tinplate industry should be able to compete on even terms with the production of other countries, it would seem that it can be done only by the employment of Indian labour. In other words, to the extent you find it necessary to import expensive foreign labour to that extent your work will be handicapped.

Mr. Townend.—That is true, but we believe that with some imported labour we shall still be successful in competing with the world.

President.—I recognise of course that it is very hard to answer this question, when you have only been working for six months or so, but nevertheless as long as you cannot say anything there must be a doubt as to the eventual prospects of the industry in India.

Mr. Townend.—We should like to show indications in our actual cost of production as to how it counteracts on our wages.

President.—We shall be very glad to have the figures.* That is an aspect of the matter that I wanted to draw your attention to to-day because it strengthens the case for protection if Government can be satisfied that there is a reasonable prospect of the industry being eventually able to stand on its own legs.

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* Vide Statement No. II.

Mr. Townend.—We are doing very well. In six months we are working three mills.

President.—But you are in a position which compels you to ask for help.

Mr. Townend.—We are fully confident that we shall be successful, but we do not think that having no imported labour is a condition to success, from the financial view point.

President.—It is impossible to say. My point is that it is an extra source of expenditure which your competitors have not got. You might counterbalance it in many ways or you might be unable to do so. Another disadvantage you suffer under is the climate, that is to say at any rate compared with South Wales. You have got to provide additional equipment in the shape of water-cooled floors and so on, and in making your factory buildings loftier, etc. That means higher overhead charges and a larger capital on which a profit has to be earned and to that extent you are under some disadvantage. Are there any other disadvantages under which you suffer which you would like to mention?

Mr. Townend.—We have got the disadvantage that other specialised industries have got in this country. We have to import the majority of our spares and things from the original manufacturers. That is a big handicap in an industry of our kind.

President.—That means you have to lock up more capital in keeping spares.

Mr. Townend.—Yes.

Mr. Leyshon.—Besides the rolls he (Mr. Townend) has overlooked the question of the housing of the rolls which weigh about 20 tons each. In the event of our breaking one of these there is no place in India where we can get these. We have to get them from home. Also spindles which connect the rolls with the driving bar. In fact every spare for the hot mills we have to get from the States and in the finishing department we are forced to get most of the machinery from South Wales. It is our object to try and get as much of our machinery in India as possible. Castings and things of that kind which were formerly bought at home, we are buying here now.

President.—When India develops industrially I take it you hope you will be able to diminish the quantity of what you have to import.

Mr. Townend.—We hope so.

President.—I think you have said somewhere in your representation that your works are planned as capable of extension, and that it will be possible to duplicate the plant. This would double your output which would then be about equal to the total consumption of India so far as you know it. Supposing that were to occur, would not that practically give your Company a monopoly of the Indian market.

Mr. Townend.—Certainly in so far as there is no other competitor in this country.

President.—The Tata Iron and Steel Co. in their case expressed a belief that other firms would come in to the manufacture of steel and eventually internal competition as in America would suffice to keep down internal prices to the world level. What I am pointing out is that if you doubled the size of your works, there would be no room for other competitors.

Mr. Townend.—It will always be up to Government to alter the rate of duty.

President.—Of course the Legislature could do so.

Mr. Townend.—If our prices are so high that a good margin of profit can be obtained by anybody starting tin plate works, he would certainly do so. It is very easy to put up small tin plate works just to get the pickings of the trade.

President.—That was I understand the history of the industry in South Wales where there were a large number of comparatively small manufacturers and new mills were opened comparatively frequently. How far would that be possible under the conditions in this country?

Mr. Townend.—It is difficult to say.

President.—It would not be such a simple matter in India to establish small installations?

Mr. Townend.—It certainly would present more difficulties than in South Wales.

President.—That being so the question of internal competition is not without its difficulties.

Mr. Townend.—If you put on a tariff in order to protect this industry the industry would certainly take advantage of the protection. In that case we have a monopoly up to the extent of what we produce so long as we cannot produce more than 28,000 tons.

President.—As a matter of fact the price will not ultimately be fixed by the firms who send their tin plate here. If you once reach the stage at which you yourself manufacture all the supplies required for the Indian market then you yourselves could fix the price in India, subject to this that you could not raise it above the world price by more than the amount of duty.

Mr. Faulkner.—I have heard of a Welsh Company, which contemplated the start of a tin plate works in India.

Mr. Ginwala.—Before we get into the detailed examination of your case there are one or two points which I consider might be cleared up. The question of protection in your case has two aspects:—

The first is the claim for protection by reason of the fact that the price of steel may go up assuming that steel was protected.

Mr. Townend.—No. That does not affect us.

Mr. Ginwala.—The second ground is that apart from that in order to compete with foreign countries you want protection. That is to say you suffer from certain disadvantages as compared with those countries which ought to be removed.

Mr. Townend.—Yes. At the outset.

Mr. Ginwala.—I take it that so far as your present equipment is concerned on the one hand you have made arrangements with Tatas for the purchase of steel that you require at a fixed rate. On the other hand you have made arrangements I take it for the disposal of your output at certain rates. That being so, does it not strike you that so long as the arrangement exists there is not much benefit to be had?

Mr. Townend.—Except that this arrangement concerns only a portion of our output. It only applies to 75 per cent. of the output.

Mr. Ginwala.—Therefore the protection that you claim will be of use to you only in respect of a quarter of your present output.

Mr. Townend.—Our selling arrangements for that 75 per cent. necessitate our customers paying us whatever duty is imposed.

Mr. Ginwala.—But your customers to the extent of 2/3 are yourselves. The Burmah Oil Company own two-thirds of the subscribed capital. They have put in, I take it, the whole of the working capital of which Rs. 1¼ crores are in the shape of debentures. It is quite possible that they are also giving you some more working capital. I do not know how much they have put in besides debentures or whether they have enabled you to obtain credit from outside so that it comes to this: that three-fourths of your total output you sell to yourselves.

Mr. Townend.—If you put it that the Tin Plate Co. sell to the Burmah Oil Company, it is correct.

Mr. Ginwala.—The Burmah Oil Company manufacture 75 per cent. of their requirements for themselves and then buy it. Only such of the output as they do not require they give to the country

Mr. Townend.—It is a very big output.

Mr. Ginwala.—It is only 7,000 tons, *i.e.*, in the proportion of 21,000 tons to 7,000 tons. You think that the benefit—it is not a benefit at present—is sufficient to counterbalance the sacrifice that the whole country will have to undergo.

Mr. Townend.—The sacrifice will be very small to the actual consumer.

Mr. Ginwala.—I do not see it. At present we have not got the figures for the total quantity of tin sheets consumed in this country. We shall assume that figure to be 56,000 tons, now exported from Wales. There is, therefore, an additional 28,000 tons which the country must import at present and in addition it will absorb your 7,000 tons, which the Burmah Oil Company reject.

Mr. Townend.—There is this important point. A great proportion of that will be of the same quality of plate which the Burmah Oil Company are taking from us.

Mr. Ginwala.—I am taking it in that sense. Therefore, in order that your 7,000 tons of tin sheets may be protected, we have got to make people—who consume the additional 28,000 tons—pay higher prices. In order that your present output which is estimated at 28,000 tons may be protected you want to impose a higher tariff on the remaining 28,000 tons for which the whole country will have to pay. Now supposing that you enlarge your plant and this additional 28,000 tons which is imported at present is produced by you. Look at the effect of that. The Burmah Oil Company have got 75 per cent. interest in the remaining 28,000 also because they hold 66 per cent of the capital.

Mr. Townend.—I think it is dangerous to take those figures.

Mr. Ginwala.—Why should it be dangerous? It is not likely that the Burmah Oil Company will offer any of this capital to the public if they find it very remunerative to themselves as it would be if the protection that you ask for is given. The protection might be so put that it might be profitable to the Company to compete against foreign material. That being so, from your knowledge of the Burmah Oil Company as a business concern do you think that they are going to ask the public to subscribe for the extensions?

Mr. Townend.—Yes; probably just in the same way as that Company invite public capital.

Mr. Ginwala.—In the normal course of human affairs is it likely that the Burmah Oil Company would do so? I do not know the terms of your contract with the Burmah Oil Company or to how much of the capital the Burmah Oil Company are entitled. Even supposing that further capital is obtained by means of debentures they will still control the business.

Mr. Townend.—But they may throw them open to the public. We are not asking for protection on such a large scale as to give an extortionate return to the Company.

Mr. Ginwala.—I take it that at present most of the tin plates are required by the Burmah Oil Company and other oil companies.

Mr. Townend.—Yes.

Mr. Ginwala.—If the country makes this sacrifice of putting on this duty that you want it will bear an additional burden both in respect of the tin which is used for other purposes and in respect of the kerosene oil tins and is it not possible that though the Burmah Oil Company may make 75 per cent. profit on the present basis they may still put on the price of kerosene?

Mr. Townend.—They might, I take it.

Mr. Ginwala.—Then the country loses both ways. The price of kerosene goes up. The profits which the Burmah Oil Company make go into their pocket. In order to induce the country to agree to this sacrifice what does the country get?

Mr. Townend.—The country gets the tin plate industry which was very badly needed during the war.

Mr. Ginwala.—Suppose I start an industry to manufacture something which I only require in connection with some other industry in which I am interested. I then go to the Government and say "Well, I am the industry in this country. Give me protection." Do you think that Government will be justified in protecting me?

Mr. Townend.—I do not think they would protect you unless you could say that by starting the industry for yourself you could develop it for other people.

Mr. Ginwala.—Up to the time I developed it for other people do you think that I have a claim for protection?

Mr. Townend.—If during that period you have got your market safe you are in a perfectly strong position to say to the Government that you will succeed.

Mr. Ginwala.—Government will say that if you succeed you will benefit.

Mr. Townend.—You should say that you will be benefiting other people in the country.

Mr. Ginwala.—The country does not come in. Supposing that we give you the protection that you claim, won't the country suffer in two ways? The price of kerosene goes up under ordinary economic circumstances. They pay more for their kerosene. If you get this protection, *i.e.*, if the producers of the kerosene oil get protection, 75 per cent. will go into their pocket. How does the country benefit in that case?

Mr. Townend.—My claim is that the country benefits by having a tin plate industry in India and not having to buy foreign tin plate. The Burmah Oil Company would be really better off without a tin plate industry in this country. They could simply use their money for their other business and make big profits there, while at the same time importing their plate at the same price as they have got to pay now.

Mr. Ginwala.—When do you think you will be in a position to extend your works so as to produce 56,000 tons?

Mr. Townend.—We can give no indication. We are trying to see how soon we can get our present mills on.

Mr. Ginwala.—So far as the present output is concerned I am pointing out to you that you are insured in all directions.

Mr. Townend.—Only as regards the 75 per cent. We might fail as regards the other 25 per cent.

Mr. Ginwala.—I was referring to your agreement with the Tata Iron and Steel Company. The Tata Iron and Steel Company have to share one-half, so to the extent of one-half you are insured.

Mr. Townend.—But if you are protecting the steel industry and do not protect tin plate, the steel industry will be handicapped to that extent.

Mr. Ginwala.—So far as I can understand their agreement with you, that particular part of the steel industry does not benefit.

Mr. Townend.—It won't benefit until we can make a profit.

Mr. Ginwala.—Unless you cheapen your cost of production you will not be able to make a profit. So far as the Tata Company are concerned you will admit that they will not benefit.

Mr. Townend.—Certainly, they will not benefit.

Mr. Ginwala.—So far as their shares are concerned to the extent of 1/3 they might benefit if you increase your profit.

Mr. Townend.—If we get more profit they will get more for their steel.

President.—I think this discussion might be postponed till we get their figures.

Mr. Ginwala.—Anyhow you are insured against 75 per cent. of your output.

Mr. Townend.—We have, but we would not accept for a moment that it is a sound thing that the steel industry should suffer by reason of the fact that there is a tin plate industry in this country. We do not take the view that as tin plate industry we are happy to receive something extra from the steel industry. We are prepared to stand on our own legs and I think it will be a good thing for the country.

Mr. Ginwala.—Do you think it possible to cancel this contract with Tata's to get out of the difficulty?

Mr. Townend.—I cannot say, but this I know that but for their contract we should have no claim for protection, practically.

Mr. Ginwala.—What compensation will the country at large get by undergoing this sacrifice?

Mr. Townend.—It is very difficult for me to answer what is really a general economic question. Certain industries are considered essential for a country. I believe that in a few years' time you will get tinplates from us as cheap as you get it from outside and without any tariff at all.

Mr. Ginwala.—Is there any probability of the works being closed down if protection is not given?

Mr. Townend.—I am not able to answer this question, but I should say that it is nobody's concern to keep an industry running at a loss.

Mr. Ginwala.—It is not running at a loss as the present arrangements are.

Mr. Townend.—We might be better off presently if we do not have to pay more for our plate.

Mr. Ginwala.—If anybody starts a tin plate industry he cannot say that he is manufacturing for the general interests of the country. To the extent of 75 per cent. the country does not get any benefit.

Mr. Townend.—By the fact that the Burmah Oil Company have promised us Welsh price of tin plate they have given us a tremendous advantage to start with.

Mr. Ginwala.—It may be a disadvantage too. It may happen that the Welsh people might cut down the prices and reduce them. In that case it might be a severe disadvantage. They have done so in the past.

Mr. Townend.—They will not only pay us our price but would also refuse to buy the stuff elsewhere at a reduced price.

Mr. Ginwala.—But where is the sacrifice which the Burmah Oil Company have made which entitles them to ask for a sacrifice on the part of the country?

Mr. Townend.—The Burmah Oil Company have helped us by a fair if not generous arrangement as regards sales.

Mr. Ginwala.—I am putting it to you from the point of view of the Burmah Oil Company.

Mr. Townend.—I do not think they have really made any sacrifice.

Mr. Ginwala.—Then why should the country make a sacrifice?

Mr. Townend.—I think the country will ultimately get the benefit and it will not be a sacrifice. They are investing in an industry which will ultimately be a very great success. If we had not had the present arrangements for starting the mill what would happen? A public company would have to start it as an experiment for two or three years instead of being able to produce from the start finished products of the kind and quality we are producing. We have much greater chances of success.

Mr. Ginwala.—The President has asked you for information on certain points. I require some other statements of which I shall give you an idea just to make myself sure that you have understood the kind of statement that I want:—

A statement* of the various articles that you use in connection with your production such as steel, tin, sulphur—approximate quantities required on a year's estimated output on the six mills.

If you are paying any import duties on those articles you may state the amount as the tariff stands at present just to show how you are put at a disadvantage in respect of some of the articles you are using.

A rough statement† of the cost of production which would include of course the usual depreciation, interest charges and overhead charges. This may be done on the profit and loss basis or works cost basis in the former case, giving the total expenditure on the one side and the total realisation on the other. You may give me information one way or the other. Is it possible to get figures as to cost of production in South Wales?

Mr. Townend.—No.

Mr. Ginwala.—It is obtainable in the case of other industries. I am asking you for this simply to show that after all the cost of production in South Wales is not very much smaller than your cost of production assuming that you are well-equipped. You will work back from the sale price to the cost of production on a hypothetical basis. In that statement which the President asked for you will of course give your share capital and the profits you expect to make on your subscribed capital. If you can give us some idea as to how the cost of production is likely to be reduced as we get along under various heads, putting these in a lump, and say how long it would take to bring the cost of production down to that figure we shall be glad. It is to your advantage to show how much money is spent on Indian labour. I would like to have a comparative statement‡ showing the amount of European labour in the works as compared with Indian labour and the proportion in which you hope to increase the latter and the wages paid to the European and Indian labour separately.

How do you get your c.i.f. prices?

Mr. Townend.—We take the f.o.b. prices (Swansea) from the Trade papers and work out the c.i.f. prices.

Mr. Ginwala.—You have also promised to give us your interpretation of the contract with the Tata Iron and Steel Company. When we get this we may be able to ask some intelligent questions.

Mr. Townend.—Yes. We shall give you all these.

Mr. Ginwala.—May I take it that except for the few articles that you import all your requisites are available in India?

Mr. Townend.—Yes.

Mr. Ginwala.—Are you affected by any question of fuel?

Mr. Townend.—The quality of fuel makes much difference to us. We use coal and electricity. For electricity we have got a contract and for coal we enter into contracts from time to time.

Mr. Ginwala.—Have you any difficulty in the matter of coal?

Mr. Townend.—We have difficulty about shortage of wagons. You cannot get wagons when you want them.

Mr. Ginwala.—But you can always get coal assuming that you get wagons?

Mr. Townend.—There is some difficulty in getting the exact kind of coal we require for our works.

Mr. Ginwala.—Are you at a serious disadvantage as compared with South Wales in respect of coal?

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* *Vide* Statement No. VI.
† *Vide* Statements Nos. II and X.
‡ *Vide* Statement No IX.

Mr. Townend.—Welsh coal is notoriously good and I think their coal costs them less service for service than it does here.

Mr. Ginwala.—Have you made provision for housing your labour?

Mr. Townend.—We started where the Tata Iron and Steel Company left off by their help and advice, and our side represents the latest development in the housing of labour.

Mr. Kale.—What proportion of the labour is housed now?

Mr. Townend.—We have demands for more houses every day. We believe we are housing about half of our employees, but there is undoubtedly overcrowding in certain quarters. On the other hand we house a tremendous number of people who come in and want jobs and people who have jobs in other companies. It is therefore difficult to say what is the exact proportion.

Mr. Kale.—What prospect is there of increase in the accommodation?

Mr. Townend.—We hope to get on.

Mr. Ginwala.—Except giving them practical training in the works have you made any arrangements for training Indian labour?

Mr. Townend.—No.

Mr. Ginwala.—Do you contemplate any such thing?

Mr. Townend.—I don't think theoretical knowledge is necessary for the mills.

Mr. Ginwala.—I think in your case mere technical knowledge is unnecessary.

Mr. Townend.—Yes.

Mr. Ginwala.—Practical training is given by you in your works?

Mr. Leyshon.—I think I can describe it briefly. As you are aware we have imported highly paid Europeans here and the Europeans we have imported are skilled men in their line. On the hot mills the most important position is that of the Roller. He is the man in charge of the two sets of rolls and is also in charge of 18 men who work under him. Then comes next in charge the Roller Helper. The mills when we started here were all manned by skilled Europeans. The crew on the hot mills comprised 54 men on three shifts of eight hours, that is 18 men on each shift. When we started the hot mills 54 Europeans manned all the jobs. Then we took the Indians on, started them on similar jobs on the mill and worked them up so that now out of the 18 jobs on the mills the Indians with European supervision are actually doing 15 out of the 18 jobs. For the other more skilled jobs which I have just stated it will take some time because it has taken Europeans years of training to master those jobs. It has taken a longer time in South Wales than in America. We have instructed our men in charge to teach them and they have agreed to do that in their contracts. All heads of departments are trained Europeans and we are taking Indians in. In our finishing department we have highly skilled men who are operators on the tinning machinery. We have selected what we consider the best qualified Indians to take up these jobs and have placed them on a fair salary. These men are getting the benefit of experience under European supervision. The same applies to the finishing departments and as they qualify themselves we hope to place them in a better position. Our position is somewhat different; there is no theoretical training connected with it.

Mr. Ginwala.—The damage likely to be done by a mistake on the part of ignorant men will be very heavy in your case?

Mr. Leyshon.—When a man is working in front of the rolls he has a pair of tongs with which he lifts the plates up. Some of the men who work here are inexperienced and have never used these tongs so that when the tongs are pushed in they are liable to break the rolls. We are thus subject to a considerable loss and will be, I think for at least three or four years until these men are thoroughly trained, in the way of broken rolls due to incompetent help and that is quite an important factor in starting a new industry.

Mr. Ginwala.—You hope to eliminate that?

Mr. Leyshon.—We hope to do so in about three years.

Mr. Kale.—One thing struck me while reading your representation and it is this that you have emphasized the American analogy in the establishment of tinplate industry in this country, and you point out that there are certain advantages which this country enjoys but at the same time there are certain disadvantages which she suffers from. You hope in the long run it will be possible for you to overcome these disadvantages and in this way you will be able to reduce your cost and compete successfully with foreign manufacturers. Your representation suggests that people in America put on heavy duties and increased the price of tin plate that they used in their own country with a view to ultimate national benefit.

Mr. Townend.—They put it on definitely to start a tin plate industry.

President.—This is one of the main arguments in support of the encouragement of infant industries in a country within a comparatively short time.

Mr. Townend.—I am not very strong on economic theory but the effect of putting on this duty was that the industry developed much more rapidly.

Mr. Kale.—That is to say, the object of the American people in imposing a heavy protective duty was that by giving employment to their capital and their own labour, they might ultimately derive substantial economic advantage. Can you tell me how many Welshmen are now employed by the American tinplate industry?

Mr. Leyshon.—It would be a rather difficult question to answer off-hand as to the actual number of Welshmen but I do know this that in several of the tinplate works in the States they were all Welshmen when they first started. There was an attempt made at Devertar, Pennsylvania, to make tinplates in the States but it failed. There was another attempt at a place called Wellsville, Ohio, which also did not succeed until they had protective tariff. After they had that for the tinplate industry, the States within the last 30 years have taken nothing from South Wales until to-day it is one of the biggest industries there. I may explain that Welshmen, after the first mill had started in the United States, migrated there and settled there and to-day there is not a single tinplate works, I think, where you cannot find a Welshman working in it.

Mr. Kale.—What may I take to be the proportion of Welshmen who are imported to carry on the industry, to the total labour force?

Mr. Leyshon.—It was necessary to import men when they first began but after that as the tinplate industry grew they came of their own accord and stayed there.

Mr. Kale.—So that there is now no imported labour in the States in the same way as you have imported labour here. May I, therefore, put it like this? That a country which wants to establish an industry within its borders with the help of protection, ultimately hopes to run the industry with its own men and that industry may find it necessary, at the outset, to import capital but in the long run it hopes to put its own capital in the industry and ultimately hopes to keep the whole profit to itself? So these are the ultimate aims why protection is needed. From this point of view will you please tell me how your industry, say in the course of a few years, will be able to help India?

Mr. Townend.—Your three ideals to which the industry should work do not prevent your benefiting India with foreign money and foreign labour so long as you produce cheap tinplate. In the case of an industry established here you keep your money in India instead of sending it to South Wales.

Mr. Kale.—Those who want protection for a particular industry want it with the ultimate object of having that industry in their own country not only with the object of having cheap commodities but also to be able to run the industry with their own capital and their own men.

Mr. Townend.—I think you are asking me to indicate within what period the whole tinplate industry in India will be run by its own people. I cannot tell you.

Mr. Kale.—In answer to a question put to you by the President you said that from the purely business point of view it would be quite enough if you were able to produce tinplates here as cheap as elsewhere. I think something more than that is necessary if the country is going to be asked to grant protection; we have just been talking of sacrifice and the price that has to be paid for certain ultimate advantages. One of those advantages should be that within a reasonable period the industry should be run by those who have a stake in the country, who live in the country and spend money in the country and who, in short, belong to the country. This is one of the primary objects with which protection is given to an industry. From that point of view do you think that in the course of a reasonable number of years it will be possible to satisfy all these conditions?

Mr. Townend.—We could satisfy them to the extent you want.

President.—These are not conditions authoritatively laid down but what would your reply be to anyone who advanced that line of thought?

Mr. Townend.—We would say this that we believe that this industry will ultimately within a reasonable number of years be able to stand on its own feet. It is possible, I don't say it is probable, that within a certain number of years it would be able to manufacture tinplates at an appreciably lower rate without the expense of imported labour. But on the history of the industry we cannot sit here and promise you that it will improve without imported labour in the course of even 20 or 30 years. Our Welsh friends will tell you that it takes 15 years to make a good tinplate Roller.

Mr. Kale.—What proportion of your capital is Indian capital?

Mr. Townend.—We could say that a purely Indian Company is concerned in two-thirds of the interest of this Company.

Mr. Kale.—You have no information as to how far your capital is contributed from India and the return on which will remain in India?

Mr. Townend.—We know 2¼ crores of rupees are annually going Home and to America to pay for tinplates.

Mr. Kale.—Out of the 2 crores, wages of Indian labour will remain in this country. What share of the profits, you think, will remain in this country?

Mr. Townend.—I can say that two-thirds of the profits will go to the Tata Iron and Steel Company.

President.—Two-thirds or one-third?

Mr. Townend.—Two-thirds. We shall show you how it is worked out.

President.—We will postpone this question till the statements asked for are received.

Mr. Mather.—One of the drawbacks which you say the Company suffer from by operating their plant in Indian climate is that it is not possible to keep the plant in operation during the whole of the year but they have been able to operate the hot mills during the whole of this year very successfully by constructing water-cooled floors, loftier buildings, more spacing between the mills and so on. These are the methods employed by the Company for overcoming the climatic disadvantage. On these they have spent a considerable additional sum of money. When I was in England a few months ago I found that the tendency in sheet mills was to do exactly the same thing and I saw one galvanised sheet mill in which the building was roughly speaking as high and the spacing about as generous as here. I saw that air draughts for cooling the men were also supplied. It looks to me as though the line the Company have taken is the line of general development in sheet mills and tin mills throughout the world. In America the tendency is in the same direction. The fact that an English mill has done the same shows that it is recognised that these items of what were exceptional expenditure are becoming general and that your competitors in other countries are themselves incurring such items of expenditure, at any rate to a considerable extent. So that I think on the whole possibly after consideration of this statement if Mr. Townend will accept this tendency in England he might possibly agree with me in what I think is the general upshot of the evidence of Mr. Tutwiler that there is a tendency to exaggerate the drawbacks of the steel industry in this climate. Mr. Tutwiler pointed out that in this part of India at any rate we have none of the climatic difficulties in England and America due to frost. On the whole I think the question of climatic disadvantages is rather exaggerated.

Mr. Leyshon.—I might state that during the extremely hot weather, *i.e.*, July and August, in America when the temperature is running from 96° to 100° I have seen men working for half day and working only during night time. Sometimes the works run for a few days and then close down again. We know as a fact that during the extremely cold weather expensive damage is done to rolls owing to frost cracks. I was agreeably surprised to know that we are able to get on quite so well in India. Only for two days we were unable to work owing to climatic conditions which is really a better record than we had in the United States.

Mr. Mather.—Therefore your extra expenditure on cooling apparatus and so on is a minor matter of business efficiency.

Mr. Townend.—The extra amount of capital invested is large.

Mr. Mather.—It would not necessarily raise your total cost. There may have to be more in the capital account. But since you will be able to get your plant working the whole year it will reduce your working cost by a corresponding amount.

Mr. Leyshon.—In starting a new mill, especially a tin mill or a sheet mill, you are training new men. In order to run successfully it is necessary that we should have a large equipment such as we have here and specially with new men and in a new country. It was the consensus of opinion at home that during our extremely hot months here we would not be able to work at all and that the mills would be idle for at least two months. But the modern facilities which we have here exist nowhere in the world, so that I do believe that with the wonderful equipment we have here we will be able to operate almost every day. There may be some days in the monsoon season when the humidity is high but the prospects of operating this plant are equally as good here as in the United States.

Mr. Mather.—There is one other point. The President I think was raising the question of the possibility of the tinplate industry becoming practically a monopoly of the present Tinplate Company since the Tinplate Company's present estimated output is about one-half of the present requirements of the country and since the plant has been so arranged that extensions to double the present output would be quite practicable. It is therefore fairly obvious that the Tinplate Company if they have the capital resources available could undertake to produce the whole of the present demand of India. But you said that if the Company were likely to get an unreasonably higher price for tin plates competition would start up. I am not quite satisfied that competition in India in the tin plate industry would start up easily for the reason that the demand in India at present at any rate is small compared with what I consider to be the economic unit of production. So far as I can judge (I think that the size of fairly modern plants in other countries confirms by view), a plant which is to be economical and reasonably able to compete must have an output of about 25,000 tons of tinplate a year, and it would not be commercially sound to attempt to make tin plates on a much smaller scale. If that is so it is obviously much less likely that another company would start up when the total demand outside your present supply is not over 28,000 tons.

Mr. Townend.—I cannot myself form any idea or estimate of an ideal economic plant. If we do not extend our mills somebody else will start up.

Mr. Mather.—If the consumption in India is not provided for by your output and if that consumption is ten times the output of an economic unit then there would be much probability of a competitor starting whose output roughly is that of an economic unit. The tendency in South Wales is I think to form single units but since nobody is coming in, in order to be able to produce an economic unit, you will have to absorb the whole of the market in India.

President.—How far do you accept the views of Mr. Mather to be a fair statement of the case?

Mr. Townend.—I cannot give any opinion. If we establish an industry successfully it would be more likely that we should extend than that other people would start up. But I do say if we do not extend other companies must start up.

Oral evidence of Messrs. H. D. TOWNEND, A. K. FAULKNER, J. LEYSHON and J. B. BACKHOUSE, recorded at Calcutta on the 10th September 1923.

President.—Let us take statement* (2). The figures you have given in the three columns are estimates. Can you give us the outturn on which these estimates were calculated?

Mr. Townend.—We calculated the first column on an outturn of 261,450 boxes, the second one on an outturn of 464,000 and the third on 622,000 boxes.

President.—On that basis it means that as more mills come into operation the outturn per mill drops.

Mr. Townend.—Yes, but that may not happen. We may be able to work up to the same production on the six mills as on the two mills.

President.—Taking some of the items, is the quantity of bars required on the basis of your subsequent statement that 35,000 tons are necessary for 600,000 boxes?

Mr. Townend.—Not quite; but the way in which we get the cost of bar in the tinplate is to take the weight of bar which we know excluding waste. We take the weight of the bar which we know will give us the proper amount of tinplate.

President.—Is it the amount which actually goes into the tinplate or the amount you buy?

Mr. Townend.—The amount that actually goes into it.

Mr. Mather.—The whole of the scrap that is produced is allowed for in this credit for scrap?

Mr. Townend.—Yes.

President.—Can you tell us what amount of steel goes into the tinplate? I think it is something over 90 per cent. of the weight.

Mr. Townend.—There is less than 2 lbs. of tin in a box of 108 lbs.

President.—To turn out 108 lbs. of tinplate how much steel have you got to start with?

Mr. Townend.—We have to start with 128 lbs. to 130 lbs. You may take it that there will be 20 per cent. waste of steel from the original bar in order to get the sheets.

President.—Then four-fifths of the original weight comes out as tinplate.

Mr. Townend.—Subject to wastage in other departments. We take the amount of steel required to turn out a sheet, there is 20 per cent. wastage in the hot mills, then afterwards sheets may be wasted in the processes and through defects occurring in the various stages in the process.

President.—I want that to be taken into account. What I am trying to get at is, supposing you purchase from the Tata Iron and Steel Company a thousand tons of steel, what will you get out of it?

Mr. Townend.—800 tons of black plate.

President.—There may be further wastage after that? What is that wastage likely to be?

Mr. Townend.—15 per cent. in practice.

President.—Starting again with your 1,000 tons what do you think you would get in tinplates?

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* Statement No. II.

Mr. Townend.—I am afraid I have rather misled you. 800 tons out of the steel is not far wrong. Only in addition to that we have 15 per cent. waste in plates which are not up to the prime standard for various reasons.

President.—You are eliminating that to get your cost of production. What are you taking as cost of production of the first class tinplate?

Mr. Townend.—In order to arrive at any basis to make up for the waste that does actually happen we add on an extra 10 per cent.

President.—You must deduct that further 10 per cent. as you are not counting that 20 per cent. as part of your production for the purposes of that statement. Can you definitely say that you have taken it into account in wastage?

Mr. Townend.—We have counted it in. It is merely wastage in that we get a smaller price for it.

President.—You say in the note at the foot of statement (2) that "the figure of 10 per cent. added for waste is to cover not only the wastage which occurs in every step of the process but also the lower prices received for second and other quality plates."

Mr. Townend.—You must exclude the note which might mislead you. It does not include the waste of steel actually cut up in the Hot Mills. You may take it that there is a 20 per cent. waste of steel, definitely cut off, as useless in the Hot Mills. Therefore for every box we have assumed that 20 per cent. more steel than actually goes into the box has been costed out. 8·982 is the cost of 20 per cent. more steel than actually goes into the box. The extra 10 per cent. is not only for the steel which is thrown out in the processes but also to cover the lower prices which we get for plates which are not perfect.

President.—We are still rather at cross purposes. If you start with 100 tons of steel bars you will get 80 tons of tinplates of sorts of which about 68 tons will be what you would consider your standard quality and about 12 tons will be wasted.

Mr. Townend.—Out of 100 tons you will get 80 tons of black plate; then of that 75 per cent. will be prime plate—in other words ¾, which is 60. Then, another 20 per cent. will be what we call waster plate. Then the remaining 5 per cent. will be what we call waste waste.

President.—The figure in the statement for bars—is it the cost of 60 or 80 or 100 tons?

Mr. Townend.—100 tons.

President.—That then is the total quantity you have to purchase in order to make 60 tons. But it is not the quantity of steel that actually goes into the box.

Mr. Townend.—It is the total quantity.

President.—I do not quite understand whether the figures you put in these estimates are probable figures or minimum figures.

Mr. Townend.—These are probable figures. These were prepared for our Directors to give an estimate of the cost. We could not see any better way of preparing it for the Tariff Board.

President.—The reason I asked the question was that in the proceedings of the last day you told us that you would be able to give us the minimum figures below which you did not think we could go.

Mr. Townend.—My answer really covers that. The figure 2·343 is on the basis of using 1¼ lbs. of tin per box.

President.—It makes no difference in the case of items such as the cost of tin but in the case of some of the other figures that is not necessarily so.

Mr. Townend.—Some of the figures are pure guesses, *e.g.*, repairs, etc.

President.—But they are what on the whole you regard as the most probable figures. The actuals might be a little above or below.

Mr. Townend.—Yes.

President.—Taking the 3rd column—6 mills—is that your estimate of what the cost is likely to be for the first two or three years after the six mills come into operation? That will carry you on for something like five years from the time you began to work.

Mr. Townend.—Yes.

President.—If you are converting boxes into tons is it approximately correct to divide the number of boxes by ·21 in order to arrive at the tonnage?

Mr. Townend.—That is about right.

President.—Taking the labour figures is the number of covenanted men the same in all cases? You have not apparently made any allowance for increase in their numbers. The figures you have taken would be practically the same as in statement* (9) on that basis.

Mr. Townend.—Except that we have had to arrive at this statement from a different point of view. But if you take both the figures you will find some discrepancy. We have only tried our best to give you the information accurately. There is one aspect of the situation that I think I ought to mention. Our imported men's agreements are roughly for three years. What is going to happen when these agreements finish and we get new men out we do not know. If they renew their agreements it is possible that we will have a better chance of reducing the total number. But if all these men go home we will have to get out new men and train them.

President.—In this statement† (2) what are your figures based on?

Mr. Townend.—For the six mills in statement (2) they are based on a higher number of imported men than in statement* (9).

Mr. Mather.—Apparently statement* (9) does not include the number of men employed in the office.

Mr. Townend.—That is correct. The administrative staff—

President.—Does the administrative staff come under the head management? It is a little embarrassing to find that these two statements have been prepared on different bases.

Mr. Townend.—We put in the actual men definitely working in the mills. The Works Manager was excluded from statement* (9) but was included in statement (2).

President.—He must apparently be included under management.

Mr. Townend.—Yes. I think he is. The trouble is this. We start to make up an estimate on a certain basis. We start to give you another statement. We try and calculate whether we shall be able to give it or not. We put these figures in to show any increase or decrease in salaries.

President.—If you compare the six mills in statement† (2) with statement (9) they are both estimates, and I imagined that both were the same estimate. The proportion of the Indian to the European imported labour seems to be nearly the same in both.

Mr. Townend.—In statement (2) the figure of Indian wages is Rs. 36,500 as compared with Rs. 35,280 in statement* (9).

President.—You cannot take that as six mills operate in both cases.

Mr. Townend.—Rs. 85,834 was the figure for the Indians on the six mills as against Rs. 74,920 in statement (9). The figure for imported labour is 96,000 as compared with 67,550 in statement (9).

President.—That is to say the cost of the imported staff is higher than the cost of the Indian staff. That is a point of some importance. Which statement am I to take as regards the number and pay of the labour you expect to employ? In one statement you show that you are paying more wages to the Indian than to the imported labour when the six mills are operating and in the other you show the reverse. It is surely not possible for the Tariff Board to come to any conclusions from these.

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* Statement No. IX.
† Statement No. II.

Mr. Townend.—May we ask you to take statement (9) as a statement of the number only and to ignore the wages. I could not reconcile the two because I started to prepare each on an entirely different basis.

President.—The trouble is that we cannot make any use of the statement and I am afraid we must leave it at that.

Let us take interest and depreciation in statement (2). Can you give us the total figure you distribute for interest in each of these columns?

Mr. Townend.—In the second and third column we have taken the total interest at 6 per cent. on Rs. 75 lakhs and 10 per cent. on Rs. 125 lakhs.

President.—And in the first column?

Mr. Townend.—We took the actuals—Rs. 11,65,000.

President.—I understand that you have included 6 per cent. on Rs. 75 lakhs on account of the contract with the Tata Iron and Steel Co., but normally would you regard interest on ordinary shares as part of the cost of production?

Mr. Townend.—No.

President.—So that for ordinary purposes you ought to deduct Rs. 4½ lakhs, *i.e.*, ¾ of Rs. 6 lakhs from the total interest included in the cost of production.

Mr. Townend.—Yes.

President.—How have you arrived at your figures of depreciation?

Mr. Townend.—We have taken 4 per cent. on buildings and 8½ per cent. on machinery.

President.—These are the figures taken from the contract with Tatas?

Mr. Townend.—We have struck an average from those figures.

President.—Can you give me the total amount of depreciation distributed?

Mr. Townend.—I have not got it here in the form you want.

President.—I do not think it is really of any great importance.

If you turn to statement (4) you will see that in March the outturn of black plate rose to 748 tons, that is something near the full anticipated outturn of the two mills in order to get your 28,000 tons. At the time you got it was it a fact that only Europeans were employed in the hot mills?

Mr. Townend.—No. About half of the jobs were then held by Indians.

President.—Of course it remains to be seen when you get the six mills in operation and when the European supervision goes down a great deal what outturn you will get and that obviously will make a considerable difference in the cost of production?

Mr. Townend.—Yes. A tremendous difference.

President.—Let us take statement* (5). You say that the profit per box to the Tinplate Co. is Rs. 5, equivalent to say Rs. 84 per ton of steel used. I am afraid I can't follow that.

Mr. Townend.—A convenient formula to work with is: six tons of steel produce 100 boxes. Therefore Rs. 5 a box is equivalent to $\frac{100}{6}$ 5 per ton of steel which in round figures is Rs. 84.

President.—It is just a little confusing to transfer from box to ton. But it may be necessary to do that owing to the terms of the contract with the Tata Iron & Steel Co. What they have got to consider is what price they are getting for their steel bars. But the interest of the Tinplate Co. is to ascertain what profit they earn on the box. Therefore from your point of view it is correct to say that, if you make a profit of Rs. 2 per box, you pay Re. 1 to the Tata Iron and Steel Company and pay Re. 1 to the Tinplate Company and that would apply to the whole of your output.

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* Statement No. V.

Mr. Townend.—Yes.

President.—Do you expect to have to issue the whole of the authorised debenture loan by the time you get the six mills fully running?

Mr. Townend.—Yes.

President.—And therefore you will require working capital in addition to the fixed capital expenditure.

Mr. Townend.—Yes.

President.—How much do you expect to require as your working capital? Can you give me the figure within five lakhs?

Mr. Townend.—Probably Rs. 10 lakhs. We can pay for our steel with the money we get for our tinplates. Mr. President, as regards statements* (2) and (9), the discrepancy between the figures only means 12 annas per box in the labour charges.

President.—That will make a considerable difference to your anticipated reduction when your six mills are running.

Mr. Townend.—We could probably make up a revised statement on this basis. Statement No. 9 as it stands will be approximate. There is probably a discrepancy in statement (2) but both are to the best of our knowledge equally good.

Mr. Mather.—May I suggest a possible explanation? It seems possible that it is due partly to this: the wages in statement (9) are monthly wages paid per man. They might possibly in statement (2) include all sorts of subsidiary expenses such as leave pay and so on.

Mr. Townend.—I think so. I shall revise statement† (9) on the basis of statement (2).

President.—By all means.

Mr. Ginwala.—I would like to examine you with a view to understanding your agreement‡ with Tata Iron & Steel Co. It is rather difficult to follow. You know that the Tatas claim 33⅓ per cent. We may assume for purposes of argument protection on that basis and work out your agreement. Take the c.i.f. price of steel bars at Calcutta inclusive of incidental charges at Rs. 150 a ton. I think that is more or less the price now. Suppose we take Rs. 150 as the c.i.f. price. The Tatas claim 33⅓ per cent. protection. That would bring the price to Rs. 200. The Tatas say that in order to manufacture steel they ought to get 33⅓ per cent. protection. If the c.i.f. price is Rs. 150 then the Swansea f.o.r. price would be Rs. 120 roughly. You pay them Rs. 120 but they ought to get Rs. 200. Therefore they lose Rs. 80 a ton.

Mr. Townend.—Yes.

Mr. Ginwala.—Now we come to finished products. What is the real percentage between sheet bar and the finished product. Say the price of sheet bar is Rs. 150: the price of tinplate would be three times as much or Rs. 450 c.i.f.

Mr. Townend.—Rs. 400 c.i.f. according to my figures.

Mr. Ginwala.—To that you will add 10 per cent. duty which will come to Rs. 40. That will make it Rs. 440. I think we may omit incidental charges. Five years' average cost of production at your works of tinplate comes to Rs. 26 per box. What would that amount to for a ton?

Mr. Townend.—Rs. 560.

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* Statements Nos. II and IX.

† *Vide* Statement No. IX.

‡ *Vide* Statement No. V.

Mr. Ginwala.—So that there will be a loss of Rs. 120. The Tata Iron & Steel Co. have already had a loss of Rs. 80 on the steel bar. In addition to that they will have to bear one half of this loss so that on each ton of finished tinplate they will lose Rs. 140.

Mr. Townend.—Yes.

Mr. Ginwala.—How much would the Burmah Oil Company lose on that. Will it lose anything at all. It will not lose at all on these figures, because you will be paid Rs. 440 c.i.f. which is the price at which they could have bought outside.

Mr. Townend.—You may take it that the Burmah Oil Company lose just half as much as Tatas. On the sales they do not lose anything.

Mr. Faulkner.—What has this got to do with the protection for the tinplate industry?

President.—It is most relevant.

Mr. Ginwala.—We must know the effect of that on the public as a whole. What I mean to say is that as purchasers Burmah Oil Company do not lose anything. What will be their loss as shareholders?

Mr. Townend.—Their loss will be ⅔ of Rs. 60 or Rs. 40 and the Tatas lose Rs. 20.

Mr. Ginwala.—I think you told us the other day that these tinplates were principally used for the purpose of making kerosene oil tins and supposing the price of tinplate went up by Rs. 40 a ton as we have worked out, will not the Burmah Oil Company naturally increase their price of kerosene in the ordinary course of business just to recover that loss?

Mr. Townend.—Speaking as a business man I would say this. All the oil manufacturers will try to get as much out of the oil as the jute manufacturers are getting out of their jute. If they could recover Rs. 40 from the consumer when a tariff was imposed on tinplate they would be recovering it from the consumer to-day.

Mr. Ginwala.—Yes. They might be. If they lose on tinplates as shareholders they are entitled to recover it as best as they can from the consumer.

Mr. Townend.—Certainly.

Mr. Ginwala.—You see there is a loss of Rs. 140 on the whole to the Tatas. Now if you had this additional protection of 45 per cent. will you tell us how the position stands on these figures?

Mr. Townend.—I have given it here.

Mr. Ginwala.—I would like you to explain it here so that we may have a connected statement. You have got to calculate this 45 per cent. on your finished products. We took the c.i.f. price of steel used as raw material on the assumption that the Tatas get 33⅓ per cent. protection. Now you want 45 per cent. on finished products based on the c.i.f. price of tinplates brought into this country. We will then arrive at a different result.

Mr. Townend.—Taking the Welsh price at Rs. 400 a ton it comes to about Rs. 575 a ton. Our plate is costing Rs. 560 so that the profit per ton will be Rs. 15 on these figures.

Mr. Ginwala.—Out of that the Tata Company will get Rs. 7-8-0 and out of the other Rs. 7-8-0 they will get ⅓ or Rs. 2-8-0 and the Burmah Oil Company Rs. 5. So that in order to make it remunerative to both parties you say that that ought to be the amount of protection that the tinplate should get.

Mr. Townend.—That is our calculation.

Mr. Ginwala.—May I take it that there is some sort of institution corresponding to the United States Steel Corporation in the matter of fixing the price of tinplate.

Mr. Townend.—There is a manufacturers' association in South Wales that fixes the price of tinplates from time to time.

Mr. Ginwala.—Is it more or less constant?

Mr. Townend.—It fluctuates very largely. There were fluctuations every three weeks or so during the early part of this year.

Mr. Ginwala.—What allowance do you make for these fluctuations in the 45 per cent. protection you ask?

Mr. Townend.—We have given you examples in statement* (10). We have taken two dates 7th April and 4th August. In one case there was comparatively large profit and in the other a smaller one. On the 7th April basis we get a much bigger profit than we would on the 4th August basis.

Mr. Ginwala.—Are these variations normal?

Mr. Townend.—Yes.

Mr. Ginwala.—In the case of steel rails the fluctuations were not very large in the United States.

Mr. Faulkner.—Here they are only normal.

Mr. Ginwala.—Take the other agreement with the Burmah Oil Company. As I read this agreement it seems to imply that the Burmah Oil Company are entitled to take the whole of your output whatever the plant may produce.

Mr. Townend.—Not if it expanded. We do not read it in that way.

Mr. Ginwala.—So far as the present output is concerned they are entitled to take the whole of it.

Mr. Townend.—If they want to.

Mr. Ginwala.—When you extend the plant it is possible they may claim the whole of your output and you are bound to sell it and they are bound to take it also. That is the position. There is a further proviso there that they have a right on the expiry of the agreement after 25 years to extend it. They are entitled to do that. You cannot refuse.

Mr. Townend.—Yes.

Mr. Ginwala.—You are bound to make good any deficiency of production within three months of the expiry of the period in which the shortage occurred. For instance their requirements from June to December are 5,000 tons. Your production only came to 3,000 tons. They are entitled to claim the remaining 2,000 tons from your next year's production.

Mr. Townend.—Yes.

Mr. Ginwala.—It comes to this that the whole output might be claimed by the Burmah Oil Company.

Mr. Townend.—Yes.

Mr. Ginwala.—With regard to capital. This is a private Company. Under Article 38 of the Articles† of Association if you want to extend your plant and if you want more capital the shareholders are entitled to take shares in proportion to their original shares. The Burmah Oil Company hold ⅔ of your shares, so that in the additional capital they are entitled to claim ⅔ and Tatas may claim the remainder.

Mr. Townend.—Yes.

Mr. Ginwala.—So that there also both as shareholders and as consumers it will be to the advantage of the Burmah Oil Company either way. Ultimately they might decide to give the benefit to the people but so far it is an advantage to the Burmah Oil Company.

Mr. Townend.—Except that in the case of a loss they will suffer a greater loss than the other shareholders.

Mr. Ginwala.—With regard to the debentures, you have got subscribed debentures of 44 lakhs and the total authorized amount is about 125 lakhs. Is the whole of that held by the Burmah Oil Company? What about the remainder: are they entitled to hold that also?

Mr. Townend.—Yes.

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* Statement No. X.

† Not printed.

Mr. Ginwala.—Do you not think that 10 is a large percentage on debentures?

Mr. Townend.—I don't think so. Take the case of the Bengal Telephone Company. They only recently issued debentures at 9 per cent. They are a going concern.

Mr. Ginwala.—The position is rather different here.

Mr. Townend.—The Tata Iron & Steel Company were asked if they would care to put in some more capital in this concern but they refused.

Mr. Ginwala.—My point is that the Burmah Oil Company hold ⅔ of the shares and that surely means to them a large sum of money at 10 per cent.

Mr. Townend.—But the public would not have taken less than 10 per cent.

President.—Looking to what it is fair a company producing tinplate in this country should receive 10 per cent. on debentures is rather a heavy charge. It might be reasonable to say that you cannot make allowance for that.

Mr. Ginwala.—You are at a great disadvantage because you have not been long at work. Take statement* No. (9) about labour. I think you keep the same number of men.

Mr. Townend.—We must calculate on that basis.

Mr. Ginwala.—That is to say when the six mills come into operation. The point I would like to know is how would you gradually reduce the imported labour? That is one of the points on which the Assembly may want more information.

Mr. Townend.—We cannot say now how we would go. We would much prefer to be able to have the local labour trained sufficiently within the next couple or three years but we cannot promise that.

Mr. Ginwala.—That I quite understand. May I take it that you are making attempts or rather will attempt to reduce imported labour.

Mr. Townend.—We will, because it is to our interest naturally.

Mr. Ginwala.—But this statement does not make any allowance for that.

Mr. Townend.—No.

Mr. Ginwala.—How do the wages paid to imported labour compare with the wages these people would get in Wales. Supposing a man earns £5 a week in Wales how much will he earn here?

Mr. Townend.—He will earn about three times as much.

Mr. Ginwala.—What is the reason for this large difference. Is there any special circumstance?

Mr. Townend.—We brought these men out on payment of about double what they were getting in South Wales. On top of that we have to pay them bonus; that will bring the pay to about three times what they earn at Home. There is an important point to be considered. A man who leaves the tinplate works in Wales, gets employment here and then returns to Wales will not get back his old job within perhaps 15 years as he will be put at the bottom again When he leaves Wales he definitely cuts himself off from the old work.

Mr. Ginwala.—May I take it that there is a large amount of Welsh labour employed in America? Do they get the same wages?

Mr. Leyshon.—We have been bringing out men who wanted to come here from South Wales who will on return suffer in the same way. But I know it to be a positive fact that if we had brought rollers from the States there would be nothing held against them either by the men or by the management when they returned.

Mr. Ginwala.—When you take men from South Wales to America do you have to pay twice as much?

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* **Statement No. IX.**

Mr. Leyshon.—They are making twice as much, because they all work on the tonnage basis there, so that their wages will be regulated by corresponding American labour.

Mr. Townend.—It comes to this that if we bring out men from America we have to pay twice as much as they pay in America.

Mr. Ginwala.—I understood you to say that most of your plant was American and the idea was to save as much manual labour as possible and to that extent conditions are favourable in India.

Mr. Townend.—Yes.

Mr. Ginwala.—If you had Welsh plant for instance would you find the labour difficulty much greater?

Mr. Leyshon.—It would take longer to train the men. With this system we think we can put him on any job except rolling and two or three other very important jobs.

Mr. Ginwala.—Because you have got this American plant you have eliminated skilled labour trouble so far as other departments are concerned.

Mr. Townend.—We have eliminated the necessity of years of apprenticeship.

Mr. Ginwala.—May I take it that your plant is one of the most up to date in the world?

Mr. Leyshon.—It is without a doubt.

Mr. Ginwala.—When do you say you are going to produce the fullest output that your plant is capable of?

Mr. Townend.—Say in 1926.

Mr. Ginwala.—You are gradually increasing the quantity by about 4 to 5,000 tons. At present you are making 5,000 tons, I take it.

Mr. Townend.—Since we met at Jamshedpur we have got another mill on, and we expect to make 14,000 tons.

Mr. Ginwala.—So that there will be only 3 more mills to come in before you get the whole of your output.

Mr. Townend.—Yes.

Mr. Ginwala.—You say 20 per cent. of these are waster plates. Is that the normal percentage in other tinplate works?

Mr. Townend.—Yes.

Mr. Ginwala.—Is it due to the fact that the Burmah Oil Company insist on any better quality than other purchasers?

Mr. Townend.—No, and we would not give it to them. They cannot ask us for something specially good.

Mr. Ginwala.—Your agreement says that the quality should be as the Burmah Oil Company require. Does that mean the ordinary commercial quality?

Mr. Townend.—Yes.

Mr. Kale.—I have not yet been able to understand how your claim to protection comes into the purview of the enquiry relating to the manufacture of steel. You are not interested in keeping the price of your raw material, namely steel, low. You are interested in raising the price of imported tinplates; so that protection to your industry means protection to quite a different industry altogether. I cannot understand how your claim for protection comes in along with a claim for protection put forward by the Steel Company.

Mr. Townend.—It is for the Board to decide.

President.—After all what is called tinplate contains 98½ per cent. of steel and as such I consider it an important industry which can claim protection under steel.

Mr. Kale.—If a new tinplate company were to be started I can understand that, but in the case of your company I do not think that your claim comes within the four corners of the question of protection for the steel industry.

Mr. Townend.—We are asking to be protected against the price of foreign tinplates.

Mr. Kale.—There you are already protected. If protection is given to you, it will incidentally give protection to the steel industry.

Mr. Townend.—That is true, but of course, Professor Kale, we do not actually concern ourselves with that point. We are putting our case forward and if the Board hear our case we shall be very glad.

Mr. Kale.—There is another point. I think your concern may well be regarded as a part and parcel of the Burmah Oil Company because large concerns like the Burmah Oil Company run many of these industries as an integral part of their industry; for example they have their own ships, railways and so forth.

Mr. Townend.—That is not the case with the tinplate industry.

Mr. Kale.—But in view of the agreement between the Tinplate Company and the Burmah Oil Company—

Mr. Townend.—I cannot agree, because of the great interest held by the Tata Iron & Steel Company to whom ⅜ of our profits go regardless of the interest held by the Burmah Oil Company.

Mr. Kale.—Would it not be better for the Burmah Oil Company and your concern to be regarded as one enterprise?

Mr. Townend.—That may be so. I think the Burmah Oil Company would be inclined to do that. I have the only answer that a sensible man could give that it does not seem likely that they would continue to run a factory at a loss.

Mr. Kale.—What are the wages in Wales corresponding to the wages you pay to your Indian workmen? How many shillings a week? So far as I have been able to work out the figures the wages of an Indian employee comes to about Re. 1 a day. What would be the corresponding wage in Wales?

Mr. Townend.—I do not know at all, but I can get that from our Welsh people at the works if you wish to have it.

Mr. Kale.—I shall be thankful if you will do so.

Mr. Mather.—While in England recently I was told that a roller gets £7 to £8 and a man on the tinning machine gets £6 a week.

Mr. Kale.—Are these the wages of Welshmen corresponding to the Indian workmen?

Mr. Townend.—Later on when the Indian learns to be a Roller we will pay him more, but up to now we have only 3 or 4 skilled men on the mills and 30 to 40 learners to whom we pay Rs. 2 a shift.

Mr. Mather.—To Rollers they pay £7-8 a week, but these are skilled men in Wales.

Mr. Kale.—I am speaking of the ordinary workmen there.

Mr. Townend.—We cannot compare them until they learn their jobs. We have got a small nucleus of skilled people and the rest are all learners. What their pay will be when they work without supervision we do not know.

Mr. Kale.—In comparing your cost of production with the cost of production in South Wales, it strikes me that you have already an advantage over South Wales of about 15 per cent., namely in freight; because the cost of raw material is the same in both cases and while the Indian labour may be not as efficient as Welsh labour, the wages out here will be correspondingly very small.

Mr. Townend.—I do not know.

Mr. Kale.—I want to satisfy myself as to whether the difference arising out of the cost of production is on account of the comparative inefficiency of labour. On the one hand you have got some advantage over your competitors but it may be counterbalanced by the inefficiency of labour because you have newly started your concern; or is it on account of the high amount of wages you have to pay to the imported labour?

Mr. Townend.—At present we are making 135 boxes a shift. If we had a full crew of Welshmen we might be able to produce 200 boxes a shift. There would be a further saving in expenditure on electricity and water naturally. The cost per box would get reduced by about 60 per cent.

Mr. Kale.—But you have got to pay thrice as much in wages and the result will be the same?

Mr. Townend.—We are paying thrice as much only to one out of 6 or 8 men in the Hot mills.

Mr. Kale.—I am comparing work in South Wales with the work in your company. If there is comparative inefficiency here, the wages vary in the ratio of 1: 3; the position ought therefore to be similar.

Mr. Townend.—If we had put up this mill and brought out a full crew of Welsh labour it is just possible that we might run this works at a profit.

Mr. Kale.—Why did you not do it?

Mr. Townend.—Because on both sides we have companies who have the interest of this country at heart.

Mr. Kale.—In order to be able to pay, say Rs. 7 lakhs to the workmen, you want to levy a tribute on the public and make it pay a dole to your employees?

Mr. Townend.—We have to pay income tax to Government in regard to our men and the Company; we also pay the ordinary general taxes and we buy raw materials in the country.

Mr. Leyshon.—If I understand your point correctly, you want to know the difference between workmen in South Wales and the workmen in India. In South Wales they have six men on a crew for what they call a single mill. Here we have 18 men on a crew, that is thrice as many. Our system of work is altogether different from that of South Wales and for the fact that we have what is known as the double mill system it will eventually mean that only 50 per cent. efficiency is required of the men who are learning the trade. Tin workers in India will be efficient in just half the time that they would take if we had erected the mills just as they have in South Wales. Indians to-day are doing all the smaller jobs in the mills here. They would not be doing the smaller jobs if we had the same equipment as in South Wales. For instance we have on the roughing mill one boy who roughs the bars and another boy doing the other part, whereas in Wales there is only one man to do this job, with the result that we can take two Indians and place them on the roughing mill and with very little help those men can do the work and in fact are doing the work now. On the four furnace and the finishing furnace we have a European now, but we can train the Indian to do the heating job on the four furnace and the finishing furnace within one year's time. If we had mills as in South Wales Indians would not be able to do the heating job within at least three years' time. It has made it possible to go as far as we have gone in India for the fact that we have this equipment which cost us more to instal than an equipment in South Wales. So it is really hard to draw a comparison between the Welsh price and the price here for the fact that whereas a man in South Wales is responsible for the whole job, in India he is responsible for half a job. It is not altogether fair to try to compare the wages between the Welsh system and this double mill system. In America they have only one large double mill which is at Gary, Indiana. That is a modern mill on the pattern of which this mill is constructed.

Mr. Kale.—But ultimately it may be possible to compare the wages you have to pay per box.

Mr. Leyshon.—I can't say now. I give a man work to do, then I have to see how he is improving and how he works and then make my recommendations. At the present time we pay as near as Tata does. We pay our men on the hot mills at Rs. 2 and the men on the furnace Rs. 2-8. That is the wage for a beginner. When these men can assume responsibility and we can dispense with the European labour, then only I can make my recommendations.

Mr. Mather.—I understand you are going to resubmit statement (9) and in doing so of course you will do what you can to make it on the same basis as statement* (2) and also explain what that basis is.

Mr. Townend.—It will be on the same basis as statement (2).

President.—What is the present selling price of kerosene tins? The Oil Companies sell kerosene. Do they distinguish the price of the oil and the price of the tins and what do they give you when they send back the tins?

Mr. Townend.—The empty tin is worth from Re. 0-7-6 to 8 annas. There is a definite rate for empty tins because the oil companies make a practice of selling kerosene in bulk. Also there is a definite market for secondhand tins.

Mr. Backhouse.—Secondhand tins were selling at Re. 1 a tin during the war.

President.—Take an agency of the Burmah Oil Company at any large place. Would it pay him to buy at bulk rates the oil from the Burmah Oil Company or in tins and what would be the difference?

Mr. Townend.—There will be a difference of Re. 1-4-0 for two tins. They charge for the tin As. 10. There may be a market for tins irrespective of what they cost.

President.—It has got a bearing on the question as to how far it will be possible for any increase in the cost of tinplates to be passed on to the consumer of kerosene oil.

Mr. Townend.—He will buy in bulk and the tin does not come in. I do not think it will affect the consumer at all.

Mr. Mather.—Small shopkeepers buy oil in tins.

Mr. Townend.—It is not going to reach your kerosene consumer to anything like the extent you are thinking of.

President.—Supposing the oil companies wish to recover the increased price of tinplates, which will be about 2½ annas, by an increase in the price of empty tins.

Mr. Townend.—I should suggest that that increase in price might quite often happen in the empty tin market irrespective of the price of kerosene. You have got two to three annas to distribute somewhere in the country but I am suggesting that it will not be distributed to the men who use the kerosene so much as to the men who use the empty tins.

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* *Vide* Statement No. II.

Oral evidence of Mr. H. D. TOWNEND, Mr. A. K. FAULKNER, Mr. J. LEYSHON and Mr. J. B. BACKHOUSE, representing the Tinplate Company of India, Limited, recorded at Calcutta on the 10th September 1923.

President.—We have been examining the statements you were good enough to send us, but I see that all of them are marked confidential. *Primâ facie* some of them are much less confidential than the others, and I think it would be a pity if any papers were treated as confidential which the Company did not really desire to be treated in that way. For instance take the first statement* which contains the figures of imports of tinplate into India. Do you regard that as confidential?

Mr. Faulkner.—No.

President.—The second statement† is a statement of costs and that, I take it, is confidential.

Mr. Faulkner.—It is.

President.—What about statement‡ (3)?

Mr. Faulkner.—That is confidential.

President.—Statement§ (4)?

Mr. Faulkner.—That is about production and I think we must treat i as confidential.

President.—Statement‖ (5) is rather an important statement showing th effect of the contract between the Tata Iron & Steel Co. and the Tinplat Co. for the purchase of steel bars. I think it is important that it shoul be treated as non-confidential and for this reason. The effect of the proposals you have made must be to put a certain amount of money into th pockets of the Tinplate Co., and this will go to the extent of ⅔ to Burma Oil Co. and to the extent of ⅓ to the Tata Iron & Steel Co. I think i is a matter in which the public are justifiably interested, namely the manne in which the contract operates so as to affect the shares of these two Companies.

Mr. Townend.—We would like to give you all the information that yo require for the purpose of your report to the Government of India an we would like you to indicate to us which statements should be mad public and then we shall consider and let you know.

President.—I should like to emphasise this rather strongly because it at any rate obvious that the operation of the contract is not simple. It not a simple case like the other cases. The imposition of a protective du will in this case operate in a somewhat unusual way and I think, in vie of the fact that the Tinplate Co. will before very long produce more th half the requirements of India and that the rate of duty they propo would mean a very considerable addition to the price of tinplate, I thi it is important that the substance of the contract should be published.

Mr. Townend.—Is it necessary to publish it at this stage? We wou ask you to give us a little time to consider that.

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* Statement No. I.
† Statement No. II.
‡ Statement No. III.
§ Statement No. IV.
‖ Statement No. V.

President.—What I would like you to consider on the other hand is that any disposition to withhold information will in itself arouse doubts in the minds of the public.

Mr. Townend.—We hope not to withhold any information which you may think necessary to make public but we do desire that nothing should be made public about our internal affairs that is unnecessary.

President.—I think it is absolutely clear as regards this contract that we could not without referring to it report on the application for protection at all.

Mr. Faulkner.—May I suggest that you leave it as it is at the moment and indicate what questions you would like to ask? Then we shall be in a position to let you know whether any information we furnished should be published or not.

President.—Very well. What about statement[*] No. (6). That may be treated at once I think as non-confidential.

Mr. Faulkner.—Yes.

President.—Statement[†] (No. 7). You told us at Jamshedpur that this might be treated as non-confidential.

Mr. Faulkner.—With the exception of the amount of actual issues.

President.—Statement[‡] (8) is not of very great importance one way or the other. Then take statement[§] No. (9)—Wages statement, which is connected with statement (2).

Mr. Faulkner.—That is confidential.

President.—Statement[‖] No. (10) must be confidential.

Mr. Faulkner.—Yes.

President.—Finally there is the agreement[¶] between the Tinplate Co. and the Burmah Oil Co. for the purchase of tinplate. Perhaps the same consideration applies here as in the case of the contract with the Tata Iron & Steel Co. It is a matter of considerable importance that this should be made public, and if you once create the impression that there is a mystery about these things, it will do you no good. That being so, there are not very many questions to ask about the two statements that are not to be treated as confidential. Let us take first statement (1)—Imports into India. The figures you give of the exports to India from the United Kingdom are said to be "as per cabled information."

Mr. Townend.—We got the information by cable from Home.

President.—Have you any idea from what source the figures came?

Mr. Townend.—We are told that there was great difficulty in getting these figures because the exports to India were included in the same total with the exports to the Straits. This is the nearest approach our informants could make to the actual figures.

President.—So that all you can tell us about them is that they are the best you can get?

Mr. Townend.—Yes.

President.—The next figures are the imports into India of iron or steel sheets or plates—tinned. These figures are actually taken from the Indian trade returns. What would they be likely to include in addition to tinplate?

Mr. Townend.—They might include black plate.

Mr. Mather.—I think the entry means sheets or plates (whether iron or steel) which are tinned.

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[*] Statement No. VI.
[†] Statement No. IX.
[‡] Statement No. VIII.
[§] Statement No. IX.
[‖] Statement No. X.
[¶] Not printed.

Mr. Townend.—That might be. But the Customs authorities told us that formerly they never kept tinplates separately. They are recording them separately from April 1923.

President.—I gather what has happened is this: The old entry is now divided into two separate entries—(1) tinplate and (2) other sorts. It appears that in the month of June the quantity of tinplates imported was 2,221 tons and of other sorts 10 tons. For the quarter the import of tinplates was 9,757 tons and of other sorts were 15 tons. It looks therefore as if the quantity of "other sorts" imported was very small indeed and for practical purposes they may be neglected.

Mr. Townend.—Yes. You might take these figures as being the import of tinplates.

President.—It looks as if we might take these figures with a very small reduction as the tinplate figure.

Let us now turn to statement* (6). These are the quantities of materials required for 600,000 boxes.

Mr. Townend.—Yes.

President.—It appears that of the duties you have to pay the duty on tin is by far the most important and next to it is the duty on sulphur coming in for the sulphuric acid. The others are of comparatively minor importance.

Mr. Townend.—We particularly included sulphur because that is the one thing which all the metallurgical industries want cheap.

President.—There were two statements made at the last meeting at Jamshedpur which, on looking through the records, I do not clearly understand.

Mr. Ginwala was asking Mr. Townend about the contract with the Tata Iron & Steel Co. and was pointing out certain difficulties that the contract created. His question was "Do you think it possible to cancel this contract to get out of the difficulty?" The answer was, "I cannot say, but this I know that but for their contract we should have no claim for protection." I do not really quite see why that contract should give rise to the claim.

Mr. Townend.—It is one of our biggest guarantees to success which is one of your conditions for the tariff. We gain by the Burmah Oil Company contract . . . .

President.—But Mr. Ginwala was referring to the Tata Iron & Steel Co.'s contract.

Mr. Townend.—Mr. Ginwala's question was that we were insured against 75 per cent. of our output. This is really not in the Tata agreement. I took the next questions that followed as referring to the other agreement.

President.—I think 75 per cent. of the output meant that you were insured by certain prices for 21,000 tons out of the 28,000 tons.

Mr. Townend.—Yes. When Mr. Ginwala asked whether we could cancel the contract my answer was that that contract was a guarantee of our success.

President.—Then you take it that the answer referred to the Burmah Oil Company's contract.

Mr. Ginwala.—The question was with reference to the contract with the Tata Iron & Steel Co.

President.—It seems as if there had been a misunderstanding at the time the answer† was given. All that is necessary now is for you to send a short note explaining just what was in your mind when this answer was given because as it stands it is not really quite intelligible. Then you said "By the fact that the Burmah Oil Company have promised us the Welsh price of tinplate they have given us a tremendous advantage to start with." Are you proceeding on the line that ordinarily an Indian Company would be expected to sell at something under *c.i.f.* price in order to attract purchasers

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* Statement No. VI.
† Statement No. XIII.

Mr. Townend.—Yes.

President.—Well, but in view of the fact that the Burmah Oil Company will itself receive ⅔ of the price, unless it purchases from this Tinplate Company it stands a very poor chance of getting any interest on its debentures. After all the Burmah Oil Company is giving the advantage to itself.

Mr. Townend.—There is very much more in it than that. I think we must regard the Burmah Oil Company as purchasers in a very different light from what we regard them as shareholders.

President.—After all if I put the money into a business for producing some of the things that I require for my own business I would naturally like to purchase from that Company.

Mr. Townend.—On the other hand you have got other shareholders. You would not necessarily give a higher price when you know that the benefit is going partly to the other shareholders.

President.—Then you consider this contract as a generous treatment of the Tata Iron and Steel Co. by the Burmah Oil Company.

Mr. Townend.—I think it is a fair agreement both ways. It is not generous on either side.

President.—The contract between the Tata Iron & Steel Co. and the Tinplate Company might also be described in similar terms.

Mr. Townend.—I think the whole arrangement is a fair and reasonable one.

President.—That would be for the shareholding Companies—Burmah Oil Company and the Tata Iron & Steel Co.—to express an opinion on, but what I am really pointing out is that, considering the high proportion of the total capital invested in the business which has been put up by the Burmah Oil Company, it is not possible to treat the Burmah Oil Company and the Tinplate Company as entirely separate entities.

Mr. Townend.—You must treat them as separate entities. I would draw attention to the fact that these contracts were made long before a preponderating share of the Company was in the hands of the Burmah Oil Company.

President.—I understand that but nevertheless it seems to me that in regard to the precise point to which the answer was given it is going rather far to say that the contract with the Burmah Oil Company gave the Tinplate Company a tremendous advantage. I should say it is good business for the Burmah Oil Company.

Mr. Townend.—We have a claim for a tariff and you are asking us questions with regard to certain agreements we have entered into in order to assure yourself that these agreements do not in any way invalidate our claim for the tariff. My contention is that these agreements need not be in existence and yet our case would be precisely the same. The only way in which these agreements affect our case is in our opinion to strengthen our claim that we are going to be a successful show.

President.—I understand that is your case.

Mr. Ginwala.—On the question of publicity I would like to draw attention to two facts. I think it is very important from your own point of view. The first question is that you must supply us with all the information we require. That I understand you are willing to do. That is absolutely necessary. But you must remember this that the whole of India is watching our proceedings and you must have seen it stated in some newspapers that there was not as much publicity as the public would desire. Between the time we take this evidence and our report is actually considered by the Government of India and laid before the Legislative Assembly there would be a good deal of discussion on these points and it is therefore *important from your point of view that public opinion should not gather a sort of force against you in the meanwhile. To that extent I think you will be well advised if you allow as many facts to be published as possible* so that the public may not go away with a wrong impression against yourself. Your giving information to us will not help you unless you carry the public with you.

Mr. Townend.—We were awaiting a lead from you as to what statements you required to be published.

Mr. Ginwala.—I understand your difficulties but you must understand our difficulties.

Mr. Townend.—We are prepared to publish all the information necessary for our case.

Mr. Ginwala.—It is the other point of view I am trying to emphasise. What you apparently are prepared to do is that when we are about to come to a decision you will decide how much we should publish and how much not. In the meanwhile, prejudice is being created by want of absolute publicity against the industries asking for protection and it is better for you to guard against that. I will draw your attention to this fact. When we examined you on that agreement of yours with the Tata Iron & Steel Co. the report in the newspapers was naturally very brief and some questions that I put were reported and the impression was created that that contract was absolutely in your favour and against the Tata Iron & Steel Co. If we examine you *in camera* with reference to that contract the public will run away with the impression that the report reflected the actual state of affairs. It is for you to consider whether you will allow that impression to remain in the minds of the public.

Mr. Faulkner.—You are going to ask us various questions on these confidential statements. May we hear your questions and see what information you require. Our Chairman has already offered to the President that we will give you all the information you require. We shall try and assist you as much as we can.

Mr. Ginwala.—There is a considerable amount of duty paid by you on raw materials. It comes to a large figure Rs. 2,17,463. I am lumping them from statement* No. 6 which is not confidential. Will you put it as a general principle as a business man that the raw materials of any industry should not be liable to any tariff.

Mr. Townend.—Subject to the very definite modification that you cannot get the raw materials in the country.

Mr. Ginwala.—You will have it laid down as a general principle that raw materials not found in the country when imported should not be liable to any tariff, such as tin, palm oil, pink meal, zinc and so on.

President.—These are the ones you regard as important from your point of view?

Mr. Townend.—Yes.

Mr. Ginwala.—They are used merely as raw material and therefore to that extent you contend that they should not be subject to any duties.

Mr. Townend.—We would refer you to our previous answer where we said that we would not press for the removal of the duty on tin if it was going to embarrass the Government in the way of a reduction of revenue.

Mr. Ginwala.—A considerable percentage of it goes to increase the cost of production?

Mr. Townend.—Yes.

President.—By something less than 1¼ per cent.

Mr. Kale.—I wish to have one point cleared up. When dealing with the statements which you regard as confidential, it strikes me that your case for protection is purely on general grounds and not on the ground that, if protection is granted to the steel industry in India, your industry without protection will be adversely affected so that whether the protection is 33⅓ per cent. or anything else, you are not affected at all. Does it not therefore come to this: that your case for protection stands independently on its own merits without having anything to do with protection granted to the steel industry?

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* Statement No. V .

Mr. Townend.—Except in so far that if you do not protect tinplate you are not carrying out your own principle of protection of steel.

Mr. Kale.—Your case is that unless protection is granted to your industry your competitors elsewhere will put down their products at a cost much lower than your cost, but your cost of production is not likely to be obviously affected by a rise in the price of steel imported into this country.

Mr. Townend.—As our raw material it will not affect us, but it would of course adversely affect us so far as extensions to buildings, etc., are concerned.

Mr. Kale.—If the steel industry in this country is granted protection, how is the proposal likely to affect those industries which are consumers of steel and I want to know how far you come into this?

Mr. Townend.—We don't come into it. We are not affected by the tariff on steel but they are much affected by not having a tariff on tinplates.

Mr. Kale.—The steel industry in its own interest must have protection granted to tinplate. That is to say, you are not asking for protection because protection granted to steel inevitably ought to lead to protection to your industry.

Mr. Townend.—It is my point of view—

President.—What Mr. Kale wants to know is whether you want a compensating protection. When you put a duty on steel that increases the cost of production of other industries dependent on steel as a raw material.

Mr. Townend.—That is not our case.

President.—You ask for protection as a branch of the steel industry on the same principle as that applying to the rest of the steel industry.

Mr. Kale.—You regard your industry as a branch of the larger steel industry and you want that your case should be considered on its merits apart from what protection may or may not be granted to the steel industry, so that you are entitled to say that your case stands apart from the steel industry and therefore we need not take your case into consideration when we are dealing with the steel industry.

Mr. Townend.—From your point of view you ought to take it into consideration.

Mr. Kale.—That is an independent consideration. Your case may have been considered even if the case of the steel industry had not been considered.

Mr. Mather.—There are different qualities of tinplates made. Is the quality that you intend to make approximately the same quality as that of the standard box of tinplates on which ordinary trade quotations are based?

Mr. Townend.—We are at present turning out a particular quality and that is as good a quality as the world can turn out.

Mr. Mather.—Take an ordinary standard box. Is that approximately the same quality as that you intend to make?

Mr. Townend.—Yes.

Mr. Mather.—The weight of your box is the same as the weight of the box on which you base your cost and is comparable to that as regards its trade quality?

Mr. Townend.—Yes.

Mr. Mather.—You have stated that the amount of import duty on sulphur required for the acid which you consume as being equivalent to about

Rs. 18 per ton of sulphur or Rs. 16 per ton of acid. Did you get it from the people who supply you the acid?

Mr. Townend.—We got it from the trade. For every ton of sulphuric acid something like ·9 to 1 ton of sulphur is used.

Mr. Mather.—I have not been able to check that point. It does seem to me an extraordinarily low yield of acid. My impression is that one ton of sulphur ought to make nearly 3 tons of acid. Your figure shows that it makes only one ton.

President.—What you have proposed as the rate of duty is 45 per cent. *ad valorem.* It is possible that we might prefer to recommend specific duties rather than *ad valorem* duties. In that case would it in your opinion be necessary to have different specific rates of duties on different qualities of tinplate?

Mr. Townend.—It might be necessary but I imagine that if you had a duty based probably on weight it would be all right.

President.—You mean that the lower qualities are thinner and weigh less per sheet.

Mr. Townend.—The word lower is not strictly applicable. There are various classes of tinplate, some coated with more and some with less tin. I think probably a duty on so much per cwt. would meet our case without regard to quality.

President.—Let me put it to you in another way. What is the range of value of different qualities?

Mr. Townend.—It is a question of sizes and thicknesses. There are certain conventions in the trade. For example we pack 225 sheets in a box of our 20×10 size weighing 1¼ cwt.; the other size packs 125 in a box weighing 1 cwt. Therefore we cannot answer your question in an intelligible way.

President.—What I am trying to get at is this: are there differences in quality amongst the kind of tinplates produced causing difference in price?

Mr. Townend.—There are, but mainly it depends on the amount of steel in the plate and the thickness of coating. The variations in size and weight are costed out on the basis of the basic box—112 sheets 20×14 weighing 108 lbs. If you have bigger and heavier sheets it costs you more.

President.—If it can be done on the basis of weight there is no difficulty at all but if there are differences in quality resulting in a difference in the cost of production then there would be trouble if specific duties were imposed.

Mr. Townend.—I think weight would meet all conditions, but I have not studied the case carefully and I want notice about that.*

President.—Very well.

I do not understand exactly what your proposals made at our last meeting were as regards black plate. All that you said was that if a duty was put on tinplate then a duty must also be put on black plate.

Mr. Townend.—I would suggest for consideration that if you put a lump sum on tinplate you could probably put the same lump sum on black plate. In fact very little black plate can be imported at present so we are not harming any trade. That is what America did.

President.—What is the equivalent protection to black plate if 45 per cent. is given to the tinplate?

Mr. Townend.—We will give you that.†

Mr. Ginwala.—Do you claim that throughout these proceedings which you ask should be treated as confidential the Press should be excluded? Or do you wish that the Press should be asked not to report such portions of them as you consider confidential?

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* Statement No. XIV.
† Statement No. XV.

President.—It must be either confidential or non-confidential. If the meeting is confidential the responsibility rests with me to see that the proceedings are kept confidential.

Mr. Ginwala.—You may do so, but I want the opinion of the Company. A party may be asked to what extent he claims privilege, that is to say, whether he wishes to claim it with regard to the whole or only with regard to such portions of the proceedings as he desires should be treated as confidential. The President however has ruled that he will decide it for himself.

No. 12.

The Indian Steel Wire Products, Limited, Jamshedpur.

A.—WRITTEN.

Statement I.—Original representation from the Indian Steel Wire Products, Ltd., Jamshedpur, to the Tariff Board, Calcutta, dated 30th August 1923.

On behalf of the Indian Steel Wire Products, Co., Ltd., we have the honour to place before you the following facts to show that our Industry, which is allied and subsidiary to the Steel Industry in this country, is in need of protection.

1. The Indian Steel Wire Products Co., Ltd., is a manufacturing concern engaged in drawing steel wire rods into wire of various gauges, and also annealing and galvanising the same together with the manufacture of wire nails. The Company has an authorized capital of Rs. 50,00,000 of which half has been issued, and practically the entire issued Capital has been subscribed and paid up. We beg to enclose herewith 3 copies of our last Balance Sheet.

2. Our Company has entered into an agreement with the Tata Iron & Steel Co., Ltd., under which the latter Company has undertaken to supply us with all the Steel required for our Company and also to supply us at a reasonable rate with power and water required for the Industry. We have obtained from the Company on a long lease land required for our factory and for buildings for our men. As our factory is situated at Jamshedpur, we are in the midst of a good labour colony where we can easily obtain a sufficient number of skilled and unskilled workmen for the factory. We are appending a Statement (A), giving the total imports, during the last three years into this country, of articles which we are manufacturing or will manufacture in the near future. The average imports for these three years come to about 16,000 tons. This figure does not include Government Stores. It will thus be seen that our Industry, fulfils all the conditions laid down by the Fiscal Commission in their paragraph No. 97, *viz.*, abundant supply of raw material, cheap power and sufficient supply of labour or a large Home Market.

3. The plant that we have put up in Jamshedpur is capable of manufacturing about 12,000 tons of all kinds of wire products when we are able to work it to its fullest extent. But this will take some time and during that time, and during the time we equip ourselves to make further finished products such as barbed wire, wire rope, woven wire, etc., and introduce these into the market, we urgently need protection. We give in Appendix B the imports from different countries during the year 1921-22, from which it will be seen that the imports from the United Kingdom are only 1,034 tons. A comparison of the prices mentioned in column "3" shows that the British imported article is of a superior grade, which we are not likely to manufacture for some years to come. As the imports from the United Kingdom come to only about 10 per cent. of the total imports, and as they are of a higher quality than the other imports, the British Manufacturers' interest is not likely to suffer in any way by the granting to us of the protection that we now request to give to our Industry. It is the Continental Manufacturers against whom we claim protection. They have certain advantages over us, which enable them to sell their goods in our market at a price much lower than the price at which we can put our articles into the market, unless some anti-dumping measures are adopted against these manufacturers. From a table, which we annex as Appendix C, it will be seen that even England, which is the only Free-trade country on principle, has been selling goods in India at a much lower rate varying from 10 to 25 per cent. than the rate at which they are selling the same articles in their Home Market. We have not been able to get similar comparative figures for the Continental Products. But as Belgium and Germany which are the largest importers of these articles have always followed a policy of protection it can safely be inferred

that if their figures are examined, they will show a much greater difference between the prices at which they sell these articles in their own country and in India.

4. Another reason why the Continental Manufacturers are able to under sell us is that the currencies of these countries have been very much depreciated recently. It will be some years before those currencies are established; and until then, they will be able to under-sell all indigenous manufactures of steel unless they are given a sufficient measure of protection. Moreover it is well known fact that Germany has been stocking all kinds of steel and other products since the declaration of peace and she will be able to continue to dump those goods into foreign markets till her collected stock is exhausted.

5. We are giving in Appendix D figures showing our present cost of manufacturing one ton of wire products with the output restricted on account of initial difficulties and the cost per ton when we are able to work the plant to its fullest capacity. This Statement clearly shows why the Company cannot with its present output meet foreign competition. What we want is to have an opprrtunity of working with three shifts, as by doing so we will be able to reduce the cost of manufactured article under the heading of 'overhead charges' by a very large sum as we show below.

6. The actual overhead charges per ton in June come to Rs. 139-15-9; owing to dispensing with the services of two men at the head of the management the cost of manufacture per ton under overhead charges will come for August to Rs. 101-15-9 for the same production.

On the other hand if we work with three shifts, we expect (Estimate) to reduce the overhead charges per ton to Rs. 15-10 which is a distinct saving of Rs. 86-5-9 per ton (see Appendix D). It will thus be seen that if our demand for protection is granted we will within a few years be in a position to meet all foreign competition, for not only shall we be working the present plant to its fullest extent, but we shall be able to take in hand the work of manufacturing articles requiring greater skill and knowledge such as woven wire, wire springs, wire netting, etc.

Until the Tata Iron & Steel Co. are in a position to manufacture rods for our purpose we have to import rods and are manufacturing wire therefrom. As the cost of manufacturing these articles with our restricted output comes to Rs. 10-8 per cwt. and as the rods cost Rs. 8-8 per cwt.the finished product costs us Rs. 19. As the present market rate for imported wire products is about Rs. 15 we suggest that a duty of Rs. 5 per cwt. should be levied for the first five years and that this may be reduced to Rs. 4 per cwt. for the next 5 years, after which period no duty will be necessary for protection purposes. If our proposal is accepted the price of imported articles will be Rs. 20 per cwt. which after allowing for selling expenses enables us to make both ends meet for the present.

As the Tata Iron & Steel Co. are not at present in a position to manufacture wire rods which form our raw material, we submit that wire rods should be excluded from the additional import duty that may be levied to grant protection to the Iron and Steel industry till such rods are manufactured in sufficient quantities in this country.

As regards granting protection to Tata Iron & Steel Co., we approve of same and strongly urge same being given early and to the fullest extent. This will not affect us during the first five years of our contract but will affect us during the next five years to the extent of half the protection granted to Tata Iron & Steel Co. under the terms of our present contract with them.

APPENDIX A.

Total imports during the last three years.

	QUANTITY (Tons).			VALUE (Rupees).		
	1919-20.	1920-21.	1921-22.	1919-20.	1920-21.	1921-22.
Wire—	Tons.	Tons.	Tons.	Rs.	Rs.	Rs.
Fencing	620	924	657	3,16,640	5,80,760	2,51,370
Other	5,775	4,608	3,301	26,07,820	29,60,620	13,03,980
Nails	6,689	9,445	7,260	32,50,170	55,28,640	26,17,120
Rope	3,457	2,965	2,145	30,21,390	35,40,350	23,91,200
TOTAL .	16,541	17,942	13,363	91,96,020	1,26,10,370	65,63,670

APPENDIX B.

Total imports from different countries during the year 1921-22.

1921-22.	Quantity (in Tons).	Value (in Rupees).	Value per ton (in Rupees).
Fencing wire from—			
United Kingdom	174	94,878	545
Germany	332	98,380	296
Belgium	100	29,500	295
United States of America	39	22,687	581
Other wire from—			
United Kingdom	559	4,03,794	722
Germany	1,811	5,36,926	291
Belgium	659	2,46,657	374
United States of America	156	80,956	512
Wire Nails from—			
United Kingdom	301	1,20,645	400
Germany	3,179	10,32,786	324
Belgium	3,570	13,50,543	378
United States of America	70	30,833	440
TOTAL .	Tons 10,950	Rs. 40,48,594	
Total British tons	1,034	Rs. 6,19,317	598 }
Total non-British tons . . .	9,916	Rs. 34,29,277	345 }*
Therefore British percentage . .	10 per cent.	15 per cent.	

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* Therefore British goods are 73 per cent. costlier than other goods.

NOTE.—The figures of total imports of wire rope and also other imports have not been included i the above statement.

APPENDIX C.

Comparative Statement of actual Sales of British Goods for Export to India and Market prices for the same goods for consumption in United Kingdom, during 1922.

1922 Months.	f.o.b. Eng. Port.	Market price in England.	Percentage.
	£ s. d.	£ s. d.	
January	8 1 1	10 10 0	30·36
February	8 3 6	10 10 0	28·44
March	8 6 5	10 10 0	26·18
April	8 9 3	10 10 0	24·07
May	8 5 6	10 10 0	26·88
June	8 4 6	10 2 6	23·10
July	8 3 3	10 0 0	22·51
August	7 19 6	9 6 3	16·77
September	7 18 3	9 0 0	13·74
October	7 17 0	9 0 0	14·64
November & December	7 17 0	8 15 0	11·46
		Average	19·84 per cent.

APPENDIX D.

Statement showing comparison of costs.

Description.	*Project.* August 1922. 3 *Shifts.* Production 750 tons.	Actual cost per ton for May Production 87 tons.	Actual cost per ton for June Production 84 tons.
	Rs. A. P.	Rs. A. P.	Rs. A. P.
(1) Lime, Sulphuric Acid, Oils, Lubricants, Tool Steel, Packing materials, etc.	43 8 0	42 8 0	45 8 0
(2) Coal, Coke & Coke dust	5 0 0	5 0 0	5 0 0
(3) Electric & Water Supply	9 4 0	9 0 0	8 0 0
(4) Wages	10 7 0	27 4 10	24 13 5
(5) Overhead charges	15 10 1	133 10 10	139 15 9
(6) Insurance, Postage, Warfare and all other direct and indirect charges.	7 0 0	12 0 0	18 0 0
TOTAL	90 13 1	229 7 8	241 5 2

NOTES.—(1) The "wages" and "overhead" charges for May and June include the salaries of two foreign Experts amounting to Rs. 3,200 per month, *i.e.*, Rs. 35 and Rs. 38, respectively, per ton which should be now deleted from our calculation of cost as their services have been dispensed with. Thus the total cost for the following months per ton would be Rs. 194-7-0 and Rs. 203-5-2 respectively.

(2) Head office expenses Rs. 3,000 on only 87 and 84 tons work out at present at about Rs. 35-8-0 and Rs. 35-12-0 per ton which working on 3 shifts will reduce the total cost per ton to Rs. 158-15-8 and Rs. 167-9-2 for May and June respectively.

(3) Similarly if Jamshedpur overhead charges (Rs. 2,818) were distributed over 87 and 84 tons work out at Rs. 32-6-3 and Rs. 33-8-9 per ton which working on 3 shifts will further reduce the total cost per ton to Rs. 126-9-5 and Rs. 134-0-5 for May and June respectively.

Statement II.—Letter from the Agents of the Indian Steel Wire Products, Ltd., Bombay, to the Secretary, Tariff Board, Calcutta, No. 1385-23, dated 22nd September 1923.

We beg to acknowledge with thanks receipt of your letter No. 256 of the 14th instant, inviting further information on certain points to which we reply as under :—

(1) As regards the rate for Water and Electric Power supplied to us we have the honour to forward herewith the actual copies of our Agreements* with the Tata Iron and Steel Company, Limited, for greater elucidation and reference to details.

(2) If the protection claimed by us is granted we expect we ought to be able to extend our plant to manufacture Barbed Wire, Wire Rope, Woven Wire, etc., in about 3 or 4 years' time after protection is given. The Capital required for extension in this direction is estimated to be about Rs. 5 lakhs.

(3) There is no doubt that the export prices for our products are lower than the Domestic prices as can be seen by a reference to the prices quoted in Authoritative Trade Journals such as "Iron Age," dated 16th August 1923 (*vide* page 442), and "Iron Monger," dated 18th August 1923 (*vide* page 98), as shown below :—

"Iron Age," August 16th, 1923, page 442, Export price.		"Iron Age," August 16th, 1923, page 460, Domestic or local price.	
Plain *Wire* Base No. 0 Gauge per 100 lbs.	$2·75	Bright Basic per lb.	=5 cents.
		that is per 100 lbs.	$5
		Deduct—	
		Freight from Pitsburgh to New York	·34
			$4·66
		Deduct—	
		15 per cent. for Warehousing, Retailer's Profit, handling charges, etc.	·70
			$3·96

Thus the difference between export price and local price works work out at about 44 per cent.

"Iron Monger," August 18th, 1923, page 71.	£	s.	d.	*Quotation from our London Agents.*	£	s.	d.
Nails 0 to 7 gauge, *ex* London Stock per cwt.	0	18	0	British Wire Nails Basis 0 to 7 gauge price per ton C.I.F. Calcutta	17	5	0
that is per ton =	18	0	0				
Add—							
Freight, Insurance, etc. Handling charges, etc.	1	10	0				
	19	10	0				

Thus the difference between export price and local price works out at 13·04 per cent.

	£	s.	d.		£	s.	d.
Galvanized Wire 4 to 8 Gauge *per cwt.*	1	2	0	Quotations from our London Agents British Wire Basis 0 to 8 gauge Galvanized Wire	per ton. 19	5	0
that is per ton =	22	0	0				
Add—							
Freight-Insurance Handling charges	1	10	0				
	23	10	0				

Thus the difference between export price and local price works out at 22·07 per cent.

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* Not printed.

It would be interesting to observe that the United States make a distinction even in Railway freight for export purposes and this works out to about 40 per cent. loss for export as compared to local Consumption (*vide* "Iron Age," page 442).

4. We are not in a position at present to give you details as how to discriminate in the Tariff between the British goods of superior grade which do not compete with the Company's products and the lower grade Continental goods which do.

5. The present prices of the Imported goods are quoted in answering the above query No. 3.

6. The Tata Iron and Steel Company informed us in May last that they would be in a position to supply steel rods to us somewhere in the middle of the year 1924.

7. For the first five years, mean of F. O. B. English and American Port prices *plus* 10 shillings per ton which 10 shillings will represent freight, insurance, duty and clearance charges at Calcutta. For the next five years mean of C. I. F. Calcutta prices for English and American prices *plus* actual clearance charges and half the customs duty.

We beg to forward herewith a copy of our Agreement with the Tata Iron and Steel Company, Limited, showing in Clause No. 3 (*d*) prices relevant to the above.

8. The quantity of steel required by the Company as Raw Material would be about 110 tons to manufacture 100 tons of Finished Products.

9. Figures in Appendix "C" were obtained from the Tata Iron and Steel Company.

Statement III.—Letter from the Agents to the Indian Steel Wire Products, Ltd., Bombay, to the Secretary, Tariff Board, Calcutta, No. 1528, dated 18th October 1923.

We give below answers to the queries raised by the Tariff Board during the course of oral evidence given by our Mr. Walchand on behalf of the Company.

(1) Comparison of our rates of water per 1,000 gallon with Bombay and Calcutta.

Under our contract with the Tata Iron and Steel Company the rates of water supplied to us are determined on a sliding scale, *i.e.*, the charges vary in relation to the gallons of water consumed by us during the month. The maximum charge however paid by us as stipulated in the contract comes to annas 6 per thousand gallons whereas in Bombay the rate of supplying Industrial water to Factories and Workshops is fixed at annas 12 per thousand gallons. This compares favourably in our case.

(2) Imposition of 10 per cent. duty on imported Wire not known to a Government Officer.

It was suggested to give concrete instances in support of the above statement. We would have wished not to disclose the name of the Officer concerned. However as we could see that the Board was anxious to know it, we have no objection in stating that the Executive Engineer, Project IV Development Directorate, Bombay, wanted us to quote for 250 tons of Wire and while comparing continental rates with ours, even in spite of our pointing out to him that 10 per cent. duty should be charged, he said that he was unaware of it and wanted our Mr. Walchand to quote the exact section from the Store Purchase Manual.

(3) We enclose herein figures* of cost for the 4 months, *viz.*, May, June, July and August.

(4) As regards proving the danger of dumping from Germany we could not procure the Saturday Evening Post referred to by us. However we hope the following may be found interesting about the Steel Stock in Ruhr in Germany:—

	Tons.
Scrap amounts to	300,000
Semi-finished products	100,000
Finished Products	800,000

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* Appendix E.

The following is taken from the Iron and Coal Trades Review (September 14th, 1923) :—

" *The French seizure of German steel.*"

" As previously noted, the French Government has appointed an inter-Ministerial Committee to consider questions relating to the disposal of iron and steel products seized in the Ruhr or 'to be seized' there. As compared with the quantities originally reported to be at stake, it is now stated that the scrap alone amounts to 300,000 tons, while the semi-finished products are estimated at 100,000 tons and the finished are declared to vary between 600,000 and 800,000 tons. The advice of various commercial organisations as to the best method of dispensing of these products having been sought by the Minister of Public Works, it is understood that the Comité des Forges has undertaken to constitute a commercial organisation for handling the 300,000 tons of scrap, and for effecting similar transactions in the other material. Consignments from the Ruhr are apparently to be subject to the French import duties, either under the general tariff or the minimum tariff, but it will be necessary for this point to be definitely settled before it will be possible for any organisations to deal with the products under the conditions to be settled by the Minister of Public Works."

(5) We also send herewith Trading and Profit and Loss Account for the aforesaid 4 months, adding interest and depreciation on Working Capital and Machinery and Buildings respectively.

(6) Attached hereto is the copy of Sir Ryland's speech.*

(7) We send herewith the project figures† brought upto date in light of the experience gained in actual working of the factory.

(8) Mr. Modak's Statement‡ reconciling his statements before the Fiscal Commission with the evidence submitted to the Tariff Board will be found in the accompanying copy.

(9) We have prepared the wording for Tariff Schedule as per copy§ appended hereto and we trust the same will be found in order.

(10) We have worked out in detail Materials such as Sulphuric Acid and other items consumed by us per ton basis as per statement‖ enclosed herewith.

APPENDIX E.

Statement showing comparison of costs.

Description.	*Project* August 1922 3 *Shifts* production 750 tons. cost per ton.			Actual cost per ton for May production 87 tons.			Actual cost per ton for June production 84 tons.			Actual cost per ton for July 1923 production 111 tons.			Actual cost per ton for August 1923 production 120 tons.		
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
1. Stores including Sulphuric Acid, Lubricants, Oils, Tool Steel, Packing Materials, etc.	43	8	0	42	8	0	45	8	0	33	9	6	35	0	0
2. Coal and Coke . . .	5	0	0	5	0	0	5	0	0	5	13	0	4	8	0
3. Electric and Water Supply .	9	4	0	9	0	0	8	0	0	13	4	9	12	12	0
4. Wages	10	7	0	27	1	10	24	13	5	29	0	0	24	0	0
5. Overhead	15	10	1	133	10	10	139	15	0	84	0	0	79	0	0
6. Insurance, Postage Welfare and all other direct and indirect charges (except depreciation and Interest).	7	0	0	12	0	0	18	0	0	11	0	0	9	0	0
	90	13	1	224	7	8	241	5	2	176	11	3	164	4	0

* Not printed. † Appendix G. ‡ Appendix H. § Appendix J. ‖ Appendix K.

APPENDIX F.

Trading Account for May 1923.

	Rs.	A.	P.		Rs.	A.	P.
To *Materials*	19,902	6	0	By Sales	6,961	0	9
,, Fuel	506	12	0	,, Stock as on 31st May 1923 at			
,, Water and Electric Power	822	13	0	Rs. 15 per cwt.	23,157	12	0
,, Wages	10,993	3	0	,, Balance C/D	2,196	5	3
TOTAL	32,315	2	0	TOTAL	32,315	2	0

Profit and Loss Account as on 31st May 1923.

	Rs.	A.	P.		Rs.	A.	P.
To Balance B/D	2,196	5	3	By Balance *being net Loss*	15,430	3	9
,, Head Office Expenses	3,000	0	0				
,, Direct Charges	952	10	0				
,, Indirect Charges	152	4	6				
,, Interest at 9 per cent. on Working Capital Rs. 4 lakhs	3,500	0	0				
,, Depreciation on Machinery at 10 per cent.	4,820	0	0				
,, Depreciation on Buildings at 2½ per cent.	809	0	0				
TOTAL	15,430	3	9				

Trading Account for June 1923.

	Rs.	A.	P.		Rs	A.	P.
To Materials	19,680	5	6	By Sales	6,754	5	11
,, Fuel	528	10	0	,, Stock as on 30th June 1923 at			
,, Water and Electric Power	814	1	9	Rs. 15 per cwt.	15,900	0	0
,, Wages	10,846	0	0	,, Balance C/D	9,214	1	4
TOTAL	31,869	1	3	TOTAL	31,869	1	3

Profit and Loss Account for June 1923.

	Rs.	A.	P.		Rs.	A.	P.
To Balance B/D	9,214	1	4	By *Balance being net Loss*	22,920	1	19
,, Head Office Expenses	3,000	0	0				
,, Direct Charges ,, Indirect Charges	1,177	0	6				
,, Interest at 9 per cent. on Working Capital Rs. 4,00,000	3,600	0	0				
,, Depreciation Machinery	4,820	0	0				
,, Buildings	809	0	0				
TOTAL	22,920	1	10				

Trading Account for July 1923.

	Rs.	A.	P.		Rs.	A.	P.
To *Materials*	24,103	11	0	By Sales	7,921	5	0
,, *Fuel*	636	15	0	,, Stock as on 31st July 1923 at			
,, Water and Electric Supply	1,428	9	3	Rs. 14 per cwt.	22,960	0	0
,, *Wages*	9,716	0	0	,, Balance C/D	5,003	14	3
TOTAL	35,885	3	3	TOTAL	35,885	3	3

Appendix F—*contd.*

Profit and Loss Account.

	Rs.	A.	P.		Rs.	A.	P.
To Balance B/D	5,003	14	3	By Balance being net Loss . .	18,519	5	3
„ Head Office Expense . .	3,000	0	0				
„ Direct Charges	1,212	12	0				
„ Indirect Charges . . .	73	11	0				
„ Interest on Working Capital Rs. 4 lakhs at 9 per cent. .	3,600	0	0				
„ Depreciation on Machinery .	4,820	0	0				
„ Depreciation on Buildings .	809	0	0				
TOTAL .	18,519	5	3				

Trading Account for August 1923.

	Rs.	A.	P.		Rs.	A.	P.
To Materials	26,064	5	9	By Sales	10,528	8	0
„ Fuel	516	15	0	„ Stock on 31st August 1923 .	20,440	0	0
„ Water and Electric Power . .	1,352	11	9	„ Balance C/D . . .	6,455	11	6
„ Wages	9,460	0	0	TOTAL .	37,424	3	6
TOTAL .	37,424	3	6				

Profit and Loss Account for August 1923.

	Rs.	A.	P.		Rs.	A.	P.
To Balance B/D	6,455	11	6	By Balance being net Loss . .	19,822	0	3
„ Head Office Expenses . .	3,000	0	0				
„ Direct Charges	1,059	12	0				
„ Indirect Charges . . .	77	8	9				
„ Interest at 9 per cent. on Working Capital Rs. 4 lakhs . .	3,600	0	0				
„ Depreciation on Machinery .	4,820	0	0				
„ Depreciation on Building . .	809	0	0				
TOTAL .	19,822	0	3				

APPENDIX G.

Project of September 1923.

3 SHIFTS FOR 3 MONTHS.

Cost per Ton.

	Per Ton. Rs.	A.	P.
1. *Stores* including Sulphuric Acid, Lubricants, Oils, Tool Steel, Packing Materials, etc. . . .	38	8	0
2. Coal and Coke	5	9	9
3. Electric and Water Supply	6	12	3
4. Wages	14	10	4
5. Overhead	12	0	2
6. General, Insurance, Postage, Depreciation, Interest, Welfare and all other direct and indirect charges	17	15	8
	95	8	2

APPENDIX H.

Reconciling Statements before the Indian Fiscal Commission and the Tariff Board.

In our oral evidence before the Fiscal Commission we said we needed 20 to 25% protection and if this protection was given we would be able to earn about 10% profit.

Answer.—Our position is very much changed now. Because :—

(*a*) The present market prices have considerably fallen. When the evidence was given the market prices ranged from Rs. 18 to Rs. 22 per cwt. on the average. Now the market prices have fallen to Rs. 15 per cwt.

(*b*) Our actual working experience shows that the cost at present is very much higher than the estimated figures as we are unable to work on three shifts immediately.

II. Regarding our employing from 800 to 1,000 men as said in the oral evidence before the Fiscal Commission we have to say that the number taken was for working on three shifts which will require about 500 to 600 men for the Wire Mills alone and Metal Shelving factory will take about 300 to 400 men. At present we are working only the Wire drawing and Nail departments.

APPENDIX J.

Proposed Wording of Import Tariff.

Names of Articles.	Per	Duty.
ARTICLES WHOLLY OR MAINLY MANUFACTURED.		
Steel.		
Iron and Steel Wire Products—		In addition to the present duty of 10% *ad valorem* Rs. 5 (five) per cwt.
(1) (*a*) Plain and Iron Steel Wire Hard Bright, Soft Bright and annealed all gauges in coils or straightened.	Cwt.	
(*b*) Wire Nails sizes from ½″ to 3½″ all gauges from 7 to 20.		

Later on, as the following begin to be manufactured in India on a commercial scale as notice of each item is received by the Government from the Manufacturers the following items should be added to the Tariff Schedule. The Manufacutrer should be asked to give 3 months' notice to Government. The Government procedure, it is suggested, should be obtained to sanction of the legislature at the time of next budget for all these items but to defer bringing them into operation till actual manufacture in the country is started.

	Cwt.	In addition to the present duty of 10% *ad valorem* Rs. 5 (five) per cwt.
(2) Galvanized Wire, all Gauges in coils or straightened.	„	Ditto.
(3) Barbed wire, galvanized and plain two or more strands two or more pointers.	„	Ditto.
(4) Stranded Wire 3 and 7 strands and fencing wire	„	Ditto.
(5) Wire nails all sizes and all gauges common galvanized and coated.	„	Ditto.
(6) Wire staples . . . . All other Wire Products to be charged as before, *i.e.*, 10 % *ad valorem.*	„	Ditto.

APPENDIX K.

Materials consumed during June 1923.

	Amount.			Cost per ton.		
	Rs.	A.	P.	Rs.	A.	P.
Sulphuric Acid	1,215	3	6	14	7	5
Lime	9	2	6	0	1	8
Wire drawing Plates	172	5	9	2	0	9
Wire drawing Soap	892	15	6	10	10	1
Bar Soap	10	8	9	0	1	10
Grease, Ordinary	4	2	0	0	0	9
„ Motor	..			..		
Lubricating Oil	3	15	0	0	0	9
Wrapping Paper	14	4	0	0	2	8
Neutral Oil	19	2	9	0	3	7
Gunny Cloth	141	13	6	1	10	10
Wood for packing cases	244	5	3	2	13	3
„ „ „ „	570	7	9	6	12	0
Nails	240	0	0	2	13	8
Saw Dust	10	6	9	0	1	10
Tool, Steel, 2¼" round	21	14	0	0	4	0
1½" „	4	9	0	0	0	9
1¼" „	10	11	6	0	1	0
1½" „	0	8	6	0	0	1
1⅛" foreign	26	4	6	0	4	11
⅜" square	9	12	9	0	1	10
Kerosene	46	14	0	0	8	9
Tallow	27	3	0	0	5	1
Cotton Waste						
Jute „	41	2	0	0	7	8
Emery Paper rough	0	3	6	0	0	9
„ „ smooth	0	4	6			
„ Cloth rough	3	7	0			
„ „ smooth	0	2	9			
Gearing Oil	145	14	6	1	11	7
Jute Fibre	1	4	0	0	1	6
Lead Seals	7	0	0			
Linseed Oil	98	4	6	1	2	8
	3,994	5	0	47	3	8
Less Scrap and Provision for tonnage in process				1	11	8
Balance Rs.				45	8	0

Statement IV.—Letter from the Manager, The Indian Steel Wire Products, Ltd., Jamshedpur, to the Secretary, Tariff Board, Calcutta, No. 6262, dated 24th December 1923.

Under instructions from the Managing Agents in Bombay and referring to the four questions asked by you we submit our replies as follows, it being clearly understood that the replies regarding our intentions apply only to the next three years or so and that they will not be taken as implying any limitations whatever on the subsequent development of our business.

Question No. 1.—Does your firm intend to make steel wire containing more than about 0·3 per cent. carbon ?

Reply.—We do not think as matters stand at present we shall be manufacturing steel wire containing more than about 0·3 per cent. carbon.

Question No. 2.—Does your firm intend to make wire of sections other than circular ?

Reply.—We do not think we shall be making flat or triangular section wire but only circular in section.

Question No. 3.—Does your firm intend to make hardened and tempered or patented wire ?

Reply.—Hardened, tempered or patented steel wire is not intended to be manufactured.

Question No. 4.—Does your firm intend to make wire of kinds which (at present market values) are worth more than about 300 per ton c. i. f. (without duty) ?

Reply.—We beg to say that we shall soon be manuacturing Galvanised Wire the price of which will be Rs. 400 or more. Hence Rs. 300 should be raised to Rs. 400 per ton c. i. f. (without duty).

B.—ORAL.

Oral evidence of Messrs. WALCHAND HIRACHAND and S. MODAK of the Indian Steel Wire Products, Limited, Jamshedpur, recorded at Calcutta, on the 27th September 1923.

President.—The Indian Steel Wire Products, Ltd., is a subsidiary of the Tata Iron and Steel Company, is it not?

Mr. Walchand.—Yes.

President.—And the Tata Iron and Steel Company are amongst the shareholders?

Mr. Walchand.—No, they have got no shares whatsoever in this Company.

President.—You are interested in the Tata Iron and Steel Company because of your contracts with them for the raw material, and for water and electric power?

Mr. Walchand.—Yes, and land too.

President.—But are they interested as shareholders in your Company?

Mr. Walchand.—No.

President.—The Company was formed, I think, about 3 years ago, or was it earlier?

Mr. Walchand.—About 3 years—end of 1919.

President.—That is getting on to four years

Mr. Walchand.—Yes.

President.—You began to manufacture only in December 1922.

Mr. Walchand.—Yes.

President.—And your authorised capital is Rs. 50 lakhs of which half has been actually subscribed.

Mr. Walchand.—We did not issue the whole but we issued only half, that is, Rs. 25 lakhs, the whole of which was subscribed.

President.—I saw from your last Balance Sheet that at that time there were certain amounts of calls 'unpaid.'

Mr. Walchand.—Yes, arrears of calls.

President.—Have they all been paid?

Mr. Walchand.—No.

President.—Are there still some outstanding?

Mr. Walchand.—They are gradually coming in.

President.—One of the questions that we sent to you for reply was, what are the rates at which the Tata Iron and Steel Company supply electric power and water, and you were good enough to send us copies of the contracts under which payments were regulated. On reading through the contract it appeared that the rate was not a fixed one and that it varied with the quantity taken. If you refer to Appendix D of your letter of the 4th September, it will be seen that the cost of electric power and water supply was Rs. 9 a ton in May and Rs. 8 in June, whereas for the full outturn the figure put down is Rs. 9-4-0.

Mr. Walchand.—Yes.

President.—The most usual arrangement is that the more the power and water you take, the lower the rate per unit, but apparently in this case it is the other way.

Mr. Walchand.—The present rate is Rs. 9-4-0. It cost us in May Rs. 9.

President.—Might not one expect that, with the production of 750 tons a month, the amount you have to pay for power and water per unit would be less and not higher?

Mr. Walchand.—In the first place, we have just started operating and these figures are not in a way exact and accurate. We are absolutely new. There has been some alteration as regards our rates when we projected as compared with the actual contracts.

President.—So that the figure in the project may be a little high?

Mr. Walchand.—Yes.

President.—Taking electric power supply: can you give us a figure as to what it will cost per unit, supposing you get your full production, that is to say some figure which we can compare with the cost of electricity in other places?

Mr. Walchand.—It is regulated by the price of coal. It is a sliding scale and the rate to be paid to the Tata Iron and Steel Company for electricity will depend on what they have to pay for coal.

President.—Take the figure for any month you like and tell us how it works out per unit.

Mr. Walchand.—It is 10 pies in the month of August per unit; the same in the months of July and also June. So it comes to 10 pies per unit.

President.—Assuming that the price of coal remains unchanged and your works are in full operation, would you expect to see the rate per unit working out lower than that, that is to say, if you take a much larger quantity of electric power, would the rate per unit be lower?

Mr. Walchand.—Only slightly. As regards the present rate, *i.e.*, 10 pies per unit, it is a very cheap rate. Compared with the rates prevailing in Bombay and Calcutta, 10 pies is extremely cheap.

President.—All that I wished to ascertain was whether, in accordance with the terms of your contract, by taking a larger quantity, you could get it at a lower rate.

Mr. Walchand.—It is a very small charge on the works and the saving will not be appreciably felt.

President.—Do I understand you to say that the contract is so arranged that by taking larger quantities, you do not get much reduction in the amount paid per unit?

Mr. Walchand.—We get some, but not an appreciable amount.

President.—Would it amount to as much as a pie?

Mr. Walchand.—$\frac{4}{100}$th of an anna. If the price of coal is $\frac{4}{8}$ and if that remains constant, the rate will be ·67 annas, making a difference of ·04 anna.

President.—I am quite satisfied with what you tell us, provided I am sure we clearly understand it.

Mr. Walchand.—We are satisfied with our power purchase. As regards that, we should rather congratulate ourselves because we made a good bargain with the Tata Iron and Steel Company.

President.—How would that compare with the rates that will be charged in Bombay for electrical power for industrial purposes?

Mr. Walchand.—We would not be given power from the hydro-electric concerns, our consumption being less than 500 h.p.

President.—In Bombay, would you have to pay more?

Mr. Walchand.—Yes, because the Hydro-Electric Supply Company won't supply under the license because we should be consuming less than 500 h.p.

President.—Do the Hydro-Electric Supply Companies supply only to large consumers in bulk?

Mr. Walchand.—Yes, above 500 h.p.

President.—Then, as regards water, can you give us a rate for that which we can compare with some other?

Mr. Walchand.—That is also a sliding scale. Our inlaid pipe is 4 inch diameter and they charge Rs. 400 as the minimum for that.

President.—I don't want to go into the details. What I want to get at is, what is the rate or how much it works out to per 100 or 1,000 gallons?

Mr. Walchand.—We will send that information later, comparing the rates we have to pay in Jamshedpur with what obtains in, say, Calcutta.*

President.—It would be useful from two points of view, *viz.*, what the rate actually works out at present and what variations there would be in the rate when you get your full production and require a larger quantity.

Then, you say in paragraph 1 of your letter of the 4th September that your business is drawing steel wire rods into wire of various gauges and also annealing and galvanising the same together with the manufacture of wire nails; then, in paragraph 2 you refer to the statement (A) attached to your letter giving the total imports during the last three years into this country of articles which you are manufacturing or will manufacture in the near future. You say that the average imports for these three years comes to 16,000 tons. In the Trade Returns, the wire is divided into fencing wire and other. I take it that the figures for "other wire" must include barbed wire.

Mr. Walchand.—We are not sure. It might be so.

President.—We will do our best to verify it but I imaine that barbed wire must have come under "other wire." Are you in a position to tell us, or can you make enquiries, as to the quantity of barbed wire that comes into this country every year?

Mr. Walchand.—We could not get that information till now.

President.—But it seems likely that the figure 16,000 tons which you have given us includes a certain amount of wire which you are not in a position to manufacture.

Mr. Walchand.—Yes.

President.—Then again, as regards wire rope: you are not in a position to manufacture that at present.

Mr. Walchand.—Quite so.

President.—So that your 16,000 tons may include as much as 4,000 tons of products which you cannot manufacture now.

Mr. Walchand.—Yes.

President.—Therefore you are apparently already well equipped to supply the whole demand of India in the case of those things that you do manufacture.

Mr. Walchand.—Yes.

President.—Can you tell us anything about those who are the most important customers in the matter of wire nails? To whom do you hope and expect to sell your products?

Mr. Walchand.—As regards nails, generally the bazar. The tea industry is a big consumer using these for packing their cases and the bazar consumes a large quantity. As regards wires, the telegraph and telephone people are the biggest consumers and the railways too for fencing purposes It would not take us long to work on fencing—and barbed wire.

President.—I will come to that later on. That is an important point. As regards the fencing wire, the railways are the most important purchasers.

Mr. Walchand.—Yes. The Telegraph and the Telephone people, as well. The Deputy Director of Telegraph Engineering sometime back told us that if we came up to Government specifications, he would be able to buy the whole of our wire output for two or three years, and whatever till now in the line of wire we have made, we have come up to Government specifications.

**Vide* Statement III (1).

President.—I have looked at the Trade Returns and in the imports of Government stores, there are no separate figures given for wire or for wire nails.

Mr. Ginwala.—I think there is. It is 2,252 tons for wire in 1921-22.

President.—That will go a long way to counterbalance the items which you do not manufacture and that has got to be added to your 16,000 tons.

Mr. Walchand.—Yes.

President.—The consumption by Government of wire nails is not very large and it is mainly a bazar trade.

Mr. Walchand.—Yes. I might mention that as regards nails we are not yet perfect in their manufacture, and even then we have been behind deliveries for about two months and I think that we can sell all that we can manufacture as regards nails.

President.—Have you yet actually sold any wire either to the railways or to the Telegraph Department?

Mr. Walchand.—We have sold some to the Government Military Grass farms. There was an initial order of 60 tons; about 40 tons have been delivered. Barring that, we have not sold anything to any of the Government Departments. Most of the Government Departments, when comparing our prices, do not know that they have to add the import duty to the prices of British merchants. We had a very bad experience, where an officer did not know at all that the custom duty was to be added when comparing prices. When I pointed this out to him, he was surprised. As a matter of fact, they always prefer to send orders to the High Commissioner as it means less work and less responsibility to them. As regards responsibility, they simply fill in forms and send them on to the High Commissioner. Otherwise we would have sold all that we have got. There was an order for 250 tons and we were prepared to accept whatever price was quoted to them from the High Commissioner and even then orders were not placed with us presumably because of these reasons.

President.—We have had evidence of the same kind from other witnesses also.

Mr. Walchand.—My instance is a concrete one. If the Board wants me to give them the names, I will be prepared to do so.

President.—If you wish to give the details of the case we are quite prepared to hear, but it is for you to say.

Mr. Ginwala.—It is better to take the names down.

President.—Quite so. Will you please send it in writing?*

Mr. Walchand.—Yes. We won't gain anything by giving it to the press. We only bring it to the notice of Government—here is a concrete case in which the rules are not known.

President.—You have told us in answer to question 2, that "if the protection claimed by us is granted we expect we ought to be able to extend our plant to manufacture barbed wire, wire rope, woven wire, etc., in about three or four years time after protection is given. The capital required for extension in this direction is estimated to be about Rs. 5 lakhs." Which would be the easiest from your point of view—the easiest and cheapest to start with?

Mr. Walchand.—Barbed wire first and fencing wire.

President.—You don't make fencing wire at present?

Mr. Walchand.—No, just now we do not. Plain wire we are making.

President.—Then the question of wire rope and woven wire will come later.

Mr. Walchand.—Very much later.

President.—Does this mean that the five lakhs mentioned in your answer would cover all these products?

**Vide* Statement III (2).

Mr. Walchand.—Yes.

President.—That is all the additional capital expenditure required.

Mr. Walchand.—Yes, for fabricating our present production.

President.—Would that increase your total capacity as regards quantity of finished products or would it merely mean diverting part of your present outturn?

Mr. Walchand.—The total tonnage will be the same.

President.—It would only mean turning out your outturn in a greater variety of shapes and forms.

Mr. Walchand.—Yes.

President.—Take the case of the fencing wire or barbed wire. When should you be in a position to do that supposing you saw reasons for making a start?

Mr. Walchand.—The earliest we can do it will be in about 15 to 18 months. We have got space in our buildings. As regards the lay out, provision has been made for extensions; we have to get fresh estimates and place orders to get the machinery out and start working. I think that it would on the whole take about 15 to 18 months.

President.—Then for the wire rope you would take three or four more years.

Mr. Walchand.—Yes.

President.—I should like to draw your attention to this fact that if you want a duty to be imposed on articles fully three years before you could actually make them, it would be a little hard on the consumer. They have to pay increased prices when it is of no benefit to anybody.

Mr. Walchand.—All that time we will be developing our production of wire and wire nails.

President.—But the duty has to be paid by the consumer on articles which you don't manufacture.

Mr. Walchand.—It is only for a short period that you will have to suffer.

President.—I would not regard three or four years as a very short period.

Mr. Walchand.—In the industrial life of a country, what is three or four years—nothing but a short period.

President.—It depends upon the point of view. Would you not think that the consumers have a rather different point of view?

Mr. Walchand.—We see in America protective duties put up very high. They are even to-day clamouring for an increase. Last year they agitated and got an Act passed which put duties on wire products something like 50 per cent. more than what they were.

President.—You must remember that we are not precisely in the same position as the United States. We have to follow the general principle laid down by the Fiscal Commission, and that is discriminating protection. To protect an article for four years before it is produced, would be going a long way.

Mr. Walchand.—If protection is not given, we will have to shut down our factories. If protection is not given, and given immediately, we shall have to shut down owing to these prices. We cannot carry on incurring these losses which we at present have to owing to financial conditions, depreciated exchanges and low prices.

President.—I am not referring at the moment to the articles which you do manufacture, but to articles which you do not. You want protection even for those industries which are not yet born. The Fiscal Commission had something to say about the various methods appropriate to the stage which an industry had reached, and they expressed approval of the view that was given by Lala Harkishen Lal, that "the proper policy was to nurse the baby, protect the child and free the adult." But what you are asking for is protection for the embryo in the womb which is not yet born at all. That is the argument which you have got to meet.

Mr. Walchand.—The industry is there, the labour is there and the natural advantages are there; the market is at our doors.

President.—You have not told us very much about the market for your wire products.

Mr. Walchand.—There is some market that we know as laymen from the general conditions, but we have no definite figures to go on.

President.—It is hardly safe to put yourself to manufacture barbed wire without making some enquiries.

Mr. Walchand.—We would be converting our equipment into making barbed wire to the extent to which it can be consumed in the country, but the exact data is not available. We have not got the means of ascertaining the exact amount of consumption of barbed wire.

President.—Of course then there is a difficulty, in that we are asked to protect a particular product which is not likely to be manufactured in India for three or four years.

Mr. Walchand.—No. We asked for protection for those commodities which we were actually manufacturing: we do not want protection for barbed wire, etc., at all. We want protective duties to be placed only on those things that are manufactured, such as wire, nails, etc.: We have not yet started making wire ropes on a commercial basis: therefore we don't want that to be taxed till then. In our statement we have said that the Tata Iron and Steel Company should be given protection as regards only those articles which are manufactured on a commercial basis to-day. They are not manufacturing wire rods and till the time they manufacture wire rods the consumer should not be taxed.

President.—Supposing the Tariff Board were to recommend a protective duty on steel, when do you suggest these duties should take effect?

Mr. Walchand.—They should take effect immediately on its production, that is the day they are manufactured.

President.—What is the earliest date from which they can take effect?

Mr. Walchand.—I should say as early as possible.

President.—That is to say, in the ordinary course of business one would expect that would find place in the next budget, if it is approved?

Mr. Walchand.—I say this (next budget) should be the latest date.

President.—The Tata Iron and Steel Company have told you that they expect to be able to produce the rods you require by about the middle of 1924, that is only three or four months after the budget. Do you think it would be right in these circumstances to exclude the steel rods from protective duties for the sake of three or four months?

Mr. Walchand.—It would not matter provided they do manufacture these by May, as they say, or even July 1924.

President.—Have you any reason to think that they won't be able to supply?

Mr. Walchand.—No.

President.—In that case it is not very important from that particular point.

Mr. Walchand.—Of course in case something untoward happened and the plant in that department were not working, or it so happened that they were required to manufacture something else before they manufactured wire rods, they may not be able to supply by that date.

President.—There is this difference between the case of Tata Iron and Steel Company and yourselves that they have spent a great deal of money towards the equipment necessary for the production of wire rods, whereas in the case of the Wire Products Company they have not at present taken the initial steps in regard to the manufacture of barbed wire.

Mr. Walchand.—We do not want protection on barbed wire till we begin to manufacture.

President.—There is this difference: you do not make barbed wire: Tata's do not yet make steel rods. You say these are two cases which should be treated alike. But there is this distinction: Tata's have already spent a considerable amount of money for preparing steel rods and bind themselves to produce a certain quantity, whereas you have not yet done so.

You mention that one of the advantages at Jamshedpur is abundant labour supply. Are you thinking mainly of skilled labour or unskilled labour?

Mr. Walchand.—Mainly skilled labour.

President.—Will you please tell us just how it works out? Do you mean that you can get people who have been employed, for instance, at Tata's workshops and are therefore accustomed to the kind of work done in your mills? Is that the reason?

Mr. Walchand.—Partly. Jamshedpur has now become a regular skilled labour market. Skilled labour from all parts of the country goes there in search of employment and finds employment. Even five years back it was not so: Jamshedpur had to import labour and that was as dear as in Calcutta or even dearer. Now it is not so, for the whole of the labour employment can be found generally and therefore it is a big labour market. Our labour requirements are so small: we want only 200 skilled hands and not more than an equal number of unskilled hands, so that our labour problem is not a very difficult one.

President.—What is the proportion of skilled to unskilled labour in your works?

Mr. Walchand.—At present we have more unskilled labour than skilled labour. As soon as our works get into a groove the proportion will be about 75 per cent. of unskilled to 100 per cent. skilled labour.

President.—That is about 3 to 4?

Mr. Walchand.—Something like that.

President.—The unskilled labour at Jamshedpur is largely drawn from the surrounding country. There are complaints both in the States of Soraikela and Mayurbhanj that the people are so drawn away to Jamshedpur that the Brahman cultivators are obliged to cultivate the fields themselves as they can hire no labourers. What I am pointing out is that the supply of unskilled labour at Jamshedpur is not inexhaustible.

Mr. Walchand.—But what unskilled labour we will require in the future will always be less than what we have required in the past. Any further requirement of unskilled labour will be very small comparatively.

President.—You require three unskilled labourers for every 4 skilled; that is a very high percentage.

Perhaps we might turn again to Appendix D. This a statement I understand showing the cost of manufacture but excluding the raw material. You have said in paragraph 7 of your first letter that the cost of manufacture on your present output came to about Rs. 10-8 a cwt. and the rods cost Rs. 8-8. Is that (Rs. 8-8) the price you have to pay for imported rods at present?

Mr. Walchand.—Yes.

President.—What would you have had to pay to Tata's, say, last June under the terms of your contract supposing they had been able to supply the rods?

Mr. Walchand.—Deduct from the above price duty of 10 per cent., freight and clearance charges, and add 10 shillings. Or add to F.O.B. Middlesborough price 10 shillings which would give Tata's price to me at Jamshedpur and this would mean a saving of about Rs. 38 roughly.

President.—I do not follow about the 10 shillings. Let us take £13 as the English cost of soft wire rods.

Mr. Walchand.—Tata's will charge £13 *plus* 10 shillings. If however I am importing it, I will have to pay £13 *plus* £1-5 for freight and insurance, *plus* 10 per cent. duty—which would come to roughly £1-10—clearance charges say another 6 shillings. These would come to about £16 as as against £13-10—Tata's price to me. I would thus have a saving of £2 11*s*. If I buy from Tatas it means a saving of Rs. 38-4.

President.—That would be a difference of nearly Rs. 2 per cwt. so that you anticipate that you will get your steel rod a little cheaper when Tata's begin to supply it.

Mr. Walchand.—Yes.

President.—As things stand at present by far the most important item is the overhead charges. As far as I have been able to ascertain from your figures in all three columns, you have distributed the same amount as overhead charges. That is to say, if you multiply the figure in any of these columns by the outturn, you arrive at pretty nearly the same total.

Mr. Walchand.—No, in May and June it is actual overhead charge divided by production.

President.—It works out almost exactly. What I did was this: I multiplied the entry in the first column by Rs. 750 and it came to within Rs. 100 of the total of the other two columns.

Mr. Walchand.—It is only a coincidence.

President.—I would like to know what exactly is included in these overhead charges.

Mr. Walchand.—Superior staff at Jamshedpur and head office charges—that is the Bombay office. No allowance is made for depreciation.

President.—You have made no provision for depreciation?

Mr. Walchand.—We have made provision for depreciation but it is not included in any of these figures. The present problem is of existence and not depreciation or interest or such charges.

President.—I do not quite follow that because, take the month of June, your total overhead charge was Rs. 139-15-9. First of all you must deduct Rs. 38 on account of the two foreign experts whose services are being dispensed with: that brings it to about Rs. 102: then head office expense. That takes off about another Rs. 36. That brings you down to about Rs. 66. Then you take off the Jamshedpur overhead charges, that is about another Rs. 33. Having taken off all these you have still got Rs. 33 to account for. What else have you included in your actual figures for May and June?

Mr. Walchand.—By these deductions we are not deducting the whole of the cost. These deductions of Rs. 36 and 33 do not mean the whole of the cost. If you distribute it over 750 tons the cost would be that much.

President.—I find it exceedingly difficult to follow these notes. What you said was head office expenses at present work out at about Rs. 35-8-0 and 35-12-0 per ton.

Mr. Walchand.—On an output of 87 tons. The head office will be the same: there will be no changes in the head office because we are getting 84 instead of 87.

Mr. Modak.—For the second and third shifts Bombay head office charges will not come in because all these charges will go for the same thing.

President.—Head office expense will be reduced by Rs. 35 a ton if you get an outturn at 750 a ton—is that what you mean?

Mr. Walchand.—Yes.

President.—But that is not what you have said.

Mr. Walchand.—In the Rs. 139-15-6 head office expense for June account for Rs. 35-12 of the overhead charges.

President.—Do you mean then that Rs. 35-12 is the actual amount representing the total amount of Bombay office expense deducted from this account?

Mr. Walchand.—This ought to have been differently worded.

President.—It is not really put in a very helpful form, but I can understand it if it means that, if the full outturn had been obtained in May and June, the incidence of the head office expense would have been reduced by Rs. 35-8 and Rs. 35-12 per ton so that the overhead charges per ton would have come down.

Mr. Walchand.—That is what we wanted to convey.

President.—What do you consider would be a proper provision for depreciation—the total amount you ought to write off to depreciation annually?

Mr. Walchand.—On a plant of this nature 10 per cent. should be added for depreciation per annum on all plant and machinery. That 10 per cent. will be depreciation and obsolescence both.

President.—Do you consider that your machinery is more liable to depreciation than the machinery of the Tata Iron and Steel Company for instance?

Mr. Walchand.—I must admit I am a layman and not a technical expert, but I don't think ours is more liable than theirs. My depreciation will include obsolescence.

President.—Do you think your machinery is more likely to become obsolete than machinery of other manufacturers?

Mr. Walchand.—In textile manufactures I have not seen a change in even, sometimes, 10 or 15 years, but in iron and steel machinery I have seen a lot of change. They also work night and day whereas textile machinery does not do that.

President.—Putting it at 10 per cent. what is the capital value of your machinery and so on?

Mr. Walchand.—Depreciation on machinery and equipment for a quarter Rs. 31,250; for a year it will be four times that.

President.—What is the capital value?

Mr. Walchand.—Rs. 12,50,000.

President.—That is machinery?

Mr. Walchand.—Yes, and 2½ per cent. on buildings.

President.—What is the capital value there?

Mr. Walchand.—In the project, buildings were estimated at Rs. 4,50,000. It will be somewhere near 6 lakhs.

President.—That will be about Rs. 15,000 for buildings and about Rs. 120 thousand for machinery?

Mr. Walchand.—Yes.

President.—The total comes to about Rs. 1,35,000?

Mr. Walchand.—Yes.

President.—There is also of course the question of paying a dividend on the capital invested. Your capital is Rs. 25 lakhs, all ordinary shares, I think?

Mr. Walchand.—Yes.

President.—We have had some discussion with other witnesses as to what would be the reasonable amount of profit on capital and I do not want to proceed with that question in detail, but I would just like to know what you would consider a fair profit.

Mr. Walchand.—After allowing for depreciation another 10 per cent. should be allowed for profit.

President.—That is, it should be Rs. 2·50 lakhs.

Mr. Walchand.—Yes.

President.—Taking your depreciation and interest how would that work out per ton?

Mr. Mather.—Rs. 30 a ton for 12,000 tons.

Mr. Walchand.—Before starting the industry we had extensively prepared a detailed project taking into consideration all possible things—the pre-war cost and a rough assumption of what would be the after-war cost of raw materials and finished products.

President.—That you must have done or your capital would not have been subscribed.

Mr. Walchand.—I went to America and England before the scheme was started and spent six months in England before we had anything to do with the public or floated the company. We went ahead, but it is only owing to these abnormal conditions that we want protection and that we have only sought for a period of 10 years.

President.—I understand that.

Mr. Walchand.—We had provided for all these—depreciation for buildings, depreciation on machinery at 10 per cent. and in fact every conceivable expenditure was taken into account.

President.—If you turn to paragraph 7 again of your first letter, you have stated that your rods cost you Rs. 8-8 per cwt. When you are able to obtain the rods you require from Tata's the cost ought to come down to about Rs. 7 or a little lower?

Mr. Walchand.—Yes.

President.—When you get your full out-turn according to the project, your production cost ought to go down to about Rs. 4-8: that brings you up to Rs. 11-8.

Mr. Walchand.—Yes, without making allowance for depreciation.

President.—Something in the neighbourhood of Rs. 1-8 a cwt. has to be added to that for the purpose which will bring you up to Rs. 13-8, as compared with the imported price of Rs. 15.

The particular point I am on just now to ascertain is whether eventually you will be able to hold your own. That is the precise point. Of course I admit that all these figures are not actuals but to a large extent estimates.

Mr. Walchand.—We have got the July and August figures which will confirm what we have said.

President.—If you will send us the July and August figures that will be very helpful.

Mr Walchand.—We will send them to you.*

President.—Let us now take the cost of production. You are now manufacturing at present wire of various sizes and nails. Is the cost of production you have given the average both for the nails and wire?

Mr. Walchand.—Till now we have not worked out for nails separately. The cost we have calculated on wire only.

President.—You must have made some allowance for the nails surely in order to arrive at what it was proper to debit for the wire.

Mr. Walchand.—We will do that. Unfortunately the nails do not fetch a high price: sometimes they fetch a lower price than wire. Germany has been consistently selling nails below the cost of wire.

President.—Nails have to be made from wire and so they must cost more. There is the additional process. I take it that you deduct the cost as far as you are able to ascertain on account of the nail making machines, etc., from your general cost on wire.

Mr. Walchand.—Till now we have not separated the one thing from the other. We have considered the question and we shall very shortly work out the cost separately.

President.—Take your wages for instance: the whole of the wages paid in the factory has been debited to wire.

Mr. Walchand.—Yes.

President.—So that the actual figures for wire ought to have been a little bit lower.

**Vide* Appendix E to Statement III.

Mr. Walchand.—We have got 12 machines and we have 12 skilled operators and an apprentice in charge. That is the whole establishment on the machine and there is nothing else.

President.—Still there must be something to be debited to nails.

Mr. Walchand.—As against that there are some items in favour of nails. We utilise the rejected wire in making nails. If a wire does not come up to its full length all these shorts go to the nail machine.

Mr. Mather.—That is the explanation of the fact that nails are cheaper per ton than wire is. Wire is to come up to a certain standard quality and nails need not. If there is scrap it is put into nail machines.

Mr. Walchand.—No other country except Germany has done this. America charges something more for nails—2·75 cents is their price for wire and 3·4 cents is that for nails. Germany is the only country that charges equally for both, sometimes less for nails.

Mr. Mather.—They have got perhaps an efficient organisation for using their defective wire for nails.

President.—Although theoretically there ought to be some deduction from this figure on account of the fact that allowance has not been made for the expenses of converting wire into nails, yet you think that there are compensating circumstances which to a large extent counterbalance that. I take it that Rs. 15 a cwt. you have taken is the cost of imported wire?

Mr. Walchand.—It is not exactly imported price. That is the present selling price.

President.—Nobody else makes wire in India except you, I think. Has there been much variation in the price of wire?

Mr. Walchand.—Considerable.

President.—Is Rs. 15 the average price or the minimum price?

Mr. Walchand.—Rs. 15 is the lowest.

President. That comes to Rs. 300 a ton.

Mr. Walchand.—£16·5 is to-day's English quotation. This price is the c.i.f. (Calcutta) price which includes freight, etc. To this we have to add the duty and clearance charges.

President.—Duty is about 32s. and so that will work out to something about £18 a ton.

Mr. Walchand.—We may add 4 per cent. for clearance charges—clearing from the dock, cartage, etc., and 5 per cent. which the market allows for ware-house charges, interest, etc., and 1 per cent. for brokerage charges.

President.—Wire is usually sold from stock, I believe, and so there may be some additional charge for warehousing; but still the total does not come much above £18.

Mr. Walchand.—It comes to Rs. 14-10 which is nearer 15.

President.—Do you anticipate that the price of wire will fall much below Rs. 15?

Mr. Walchand.—It is difficult to say what will happen when huge quantities from the Ruhr are thrown on the market suddenly. We are told that Germany has got about 20 lakhs of tons of steel products in stock.

President.—There was an article which was published in more than one newspaper—I forgot where it first appeared originally—containing a statement that very large quantities of iron and steel products have been manufactured and stocked in Germany. I do not know whether you noticed another statement in the paper stating that considerable stocks of iron and steel products had been confiscated by the French authorities.

Mr. Walchand.—That makes the position still worse. This confiscated property could be thrown on the market for nothing. It was said that to find an outlet for this material, about 25,000 tons were intended to be sent to the Sahara for the purpose of building a railway.

President.—But not to the detriment of the French industrialists.

Mr. Walchand.—They have not entered the Indian market till now. The French wire never came in so far. It does not matter to them what they do to the Indian market. They can dump in the Indian market, without affecting their usual markets.

President.—They have not done so, so far.

Mr. Walchand.—Perhaps they have not got actual possession of the whole lot or have not yet decided what to do with it.

President.—There is another point about stock in Germany. Germany for the last 8 or 9 months has not been producing so much. The production has been getting less and less. I take it that the manufacturer must have had to sell a good deal of his stock already in order to carry on at all?

Mr. Walchand.—It seems to me that in Germany there is intensive production going on throughout the whole country. In the Saturday " Evening Post " (of U. S.) there were detailed articles about this. During the last 3 or 4 years if Germany has done anything she has adopted the most modern methods of production by putting all profit into the machinery, and this stoppage in the Ruhr will not possibly affect them so long as they get the necessary raw materials.

President.—The bulk of the steel production in Germany is concentrated in the Ruhr which has been out of production for the last 8 or 9 months. Meanwhile the country has had the utmost difficulty in purchasing foreign goods, which are absolutely necessary. It seems probable, does it not, that in order to pay for their importations, they have exported what they had to export?

Mr. Walchand.—As against this we have got a general slump. If the supplies have been reduced, the demand has also been reduced everywhere in the world.

President.—The point is this. It is not obvious why these alleged stocks have not been sold at a time when Germany finds it difficult to obtain supplies from abroad. The natural thing to do in the circumstances was to sell what it had.

Mr. Walchand.—We do not know their intentions.

Mr. Mather.—So far as the stocks in the Ruhr are concerned the French would not allow them to be sent out of the Ruhr during the period of the occupation. They have imposed restrictions on trade and control it. Even the Indian Government had difficulties in getting some railway materials they required during this period.

President.—If you can give us reference to any literature on the subject in support of the view you take we shall be very grateful—any evidence you have which tends to show that there is danger of serious dumping from Germany. We shall be very glad indeed of any literature you can supply us with.*

There is one other small question. Is that rate of Rs. 8-8 per cwt. the cost of rod or is it for the quantity required to make a cwt. of wire?

Mr. Walchand.—One cwt. of rod. You will have to raise that price by 10 per cent. to allow for wastage.

Mr. Ginwala.—What is your general position as regards the steel industry? Do you think it ought to be protected under any circumstances or only if it fulfills all the conditions laid down by the Fiscal Commission?

Mr. Walchand.—It should be protected apart from any qualifications. It should be fully protected.

Mr. Ginwala.—Do you think it of sufficient national importance to be protected at any cost?

Mr. Walchand.—Absolutely.

Mr. Ginwala.—Why do you suggest that protection should be given almost forthwith? Is it due to your knowledge of the conditions of the Bombay share market or the general tendencies of the trade?

**Vide* Statement III (4).

Mr. Walchand.—It is not the share market, but the condition of the industry. The industry cannot be going on losing and not making any profit. They have put about Rs. 20 crores in the industry and the balance sheet, it is reported, will show a profit of Rs. 1½ lakhs only. Such a state of affairs cannot continue.

Mr. Ginwala.—Is there not a speculative tendency in the Bombay market which might be accentuated by delay or acceleration as the case may be?

Mr. Walchand.—Certainly. Any disappointment as regards hopes of protection will cause panic in Bombay.

Mr. Ginwala.—It might also lead to another thing. Supposing they thought that protection was to be given, there might be speculation in the importation of steel before the duty comes into force. Is there much chance of speculation taking place in this form?

Mr. Walchand.—Yes. To some small extent but not appreciable.

Mr. Ginwala.—Do you apprehend there is greater danger with regard to the speculation in the shares?

Mr. Walchand.—I won't call it speculation at all.

Mr. Ginwala.—But if they thought that protection is to be given, is not the price likely to go up higher than it ought to?

Mr. Walchand.—The present conditions of the market do not warrant any sudden jumping upwards.

Mr. Ginwala.—Coming to your industry, let us take your raw materials. So far as they are concerned you import steel rods?

Mr. Walchand.—Yes.

Mr. Ginwala.—What is the price that you are paying?

Mr. Walchand.—We have imported at Rs. 10 a cwt. but Rs. 8-8 is the present price.

Mr. Ginwala.—If Tata's were able to supply you to-day what would be the price?

Mr. Walchand.—They could supply us, say, about Rs. 35 to 38 per ton cheaper.

President.—That would be about Rs. 1-12 per cwt. cheaper.

Mr. Ginwala.—So instead of the cost being Rs. 8-8 it would be about Rs. 7. That will be for the first five years under your agreement with Tata's, and after that how will the arrangement be altered?

Mr. Walchand.—We have sent you a draft agreement. It will be the mean of the English and the American c.i.f. price Calcutta *plus* actual clearance charges *plus* half the duty so that our concession from Tata's will be as compared to other people half duty. If the duty is 10 per cent. we shall benefit to the extent of 5 per cent. and if the duty is 33⅓ we shall benefit by half of that.

Mr. Ginwala.—That arrangement is to continue for five years and after that you have to make your own arrangements.

Mr. Walchand.—Yes.

Mr. Ginwala.—That is the main raw material, but I see under item 1 of the statement in appendix "D" a considerable amount representing cost of other materials.

Mr. Walchand.—Yes, but the bulk of them are manufactured in the country.

Mr. Ginwala.—Lime is got locally. What about Sulphuric acid?

Mr. Walchand.—The sulphuric acid that we want we get locally. There are three or four factories at present manufacturing it.

Mr. Ginwala.—How much do you require of that?

Mr. Walchand.—Out of the Rs. 45 our sulphuric acid cost us Rs. 12.

Mr. Ginwala.—There is a duty I think on sulphuric acid of 15 per cent. if it is imported.

Mr. Walchand.—We buy it locally.

President.—There is a duty I think.

Mr. Ginwala.—Yes. In any case the local price corresponds more or less with the imported price but you do not know what duty it carries.

Mr. Walchand.—The price is nearly the same but I do not know the exact duty on it.

Mr. Ginwala.—Next you have got oils and lubricants. Are there any special oils used by you?

Mr. Modak.—We use neutral oil for dipping because the oil does not act on the wire. Some experts recommend linseed oil for the same purpose. There is a linseed oil manufacturing company in Bombay. There are 3 in Calcutta. We get all these materials locally.

Mr. Ginwala.—Does that form a large percentage?

Mr. Walchand.—Lubricants, etc., cost us Rs. 1-11 for a ton. We use some kerosene oil for polishing nails. That comes to 2 annas per ton. The neutral oil is used only to a very small extent and that comes to about six to eight annas a ton.

Mr. Ginwala.—What about lime?

Mr. Walchand.—Lime comes to less than 2 annas. There is a lubricating soap which we use for passing the wire through. That is costly and comes to about Rs. 10 a ton.

Mr. Ginwala.—Is that imported?

Mr. Walchand.—That is locally manufactured. We get it from Calcutta soap factories.

Mr. Ginwala.—These come to Rs 23.

Mr. Modak.—Yes, and then we require bar steel which costs Rs. 2-14 per ton.

Mr. Ginwala.—Is this imported?

Mr. Modak.—Yes, to renew the reamers. Then we require gunny cloth for wrapping round the nails. That costs Rs. 2-8.

Mr. Ginwala.—Are these project figures or actual figures?

Mr. Modak.—I am giving you the actuals for August. Then we require wrapping paper. Some customers insist that the wire should be wrapped with paper first and then wrapped with gunny cloth. That also costs, say, about 12 annas per ton.

Mr. Walchand.—Wood for packing cases is a big item. It comes somewhere near Rs. 10 per ton.

Mr. Ginwala.—It is a large amount. Is wood imported from abroad?

Mr. Walchand.—No, it is ordinary jungle wood.

Mr. Ginwala.—In these items, do you expect any economy?

Mr. Walchand.—Economy as regards quantity, yes—by more careful methods. By more careful observations we have been able in a way to effect economies as regards quantity especially, but as regards cost we cannot say. If prices in general fall, we might save something as well.

Mr. Ginwala.—Now in working out the cost of production what I would like you to do is to give us the cost upon your four months' production. You have got the figures for four months and these will be the actuals. I want you to work on a profit and loss basis and not works cost basis. Take the cost of your materials and to that add your electric and other charges. Add also your wages bill, the whole of your overhead charges and other miscellaneous charges that you do incur. After that, add your depreciation on the whole of the plant, your interest charges and your profits on the capital.

Mr. Walchand.—What would you like us to put the latter to be?

Mr. Ginwala.—In reply to the President, you claimed 10 per cent

Mr. Walchand.—We would consider 10 per cent. as reasonable.

Mr. Ginwala.—Add the 10 per cent. profit also and then give your realised prices.

Mr. Walchand.—What about the unsold stock?

Mr. Ginwala.—Value it according to the present market rate.

Mr. Walchand.—We will send you that.*

Mr. Ginwala.—Then you will take the same as a basis for your project.

Mr. Walchand.—Yes. I have got now four projects ready prepared at various periods.

Mr. Ginwala.—You will of course modify them in the light of actual experience with regard to raw materials. With regard to wages you may go wrong.

Mr. Walchand.—Yes.

Mr. Ginwala.—You will take this as your basis for working your future projects and I want you to work out a new project on these actual facts.† That will give us an idea of the probable economy and the disadvantages which you have to face in competing with foreign products. You claim that protection must be based upon the difference between your cost of production *plus* your profit, etc., and the price at which the foreign article is being sold in the country.

Mr. Walchand.—We have claimed Rs. 5 per cwt.

Mr. Ginwala.—When we have got these figures, we shall know. One of the principles underlying the claim for protection is the difference between the price at which you can sell and make profit and the price at which the foreign article is sold.

Mr. Walchand.—And not exceeding 10 per cent. basis.

Mr. Ginwala.—You will give us of course the corresponding price at which the same article is imported into the country. That may be a little different from the actual market price.

Mr. Walchand.—Yes.

Mr. Ginwala.—You have given us some figures in Appendix C, Mr. Walchand, and I would like to know your sources of information. I understand your object in giving these figures is to show that the market quotations given in the trade papers are not to be relied upon.

Mr. Walchand.—Transactions do take place much below these market prices.

Mr. Ginwala.—Where do you get these figures from?

Mr. Walchand.—These were taken from the Tata Iron and Steel Co. people.

Mr. Mather.—Before we discuss this further, may we know to what these relate?

Mr. Walchand.—Steel rails.

Mr. Ginwala.—There is always a difference between the local price and the export price—only a little difference but not so much; but you make out the difference to be 19 per cent. That seems rather unusual.

Mr. Walchand.—That is so. In our supplementary letter, we have said that American railways are granting a rebate of 10 per cent. on exports.

President.—We are talking about the United Kingdom at present. You had better stick to it before you go on to the United States.

Mr. Ginwala.—You have been importing steel yourselves. Can't you give figures about your own importations instead of getting them from the Tata Iron and Steel Co. to prove this?

Mr. Walchand.—What we have imported is Continental and to get Continental figures for local (their home) consumption is very difficult and we have not been able to get them.

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* *Vide* Appendix F to Statement III.

† *Vide* Appendix G to Statement III.

Mr. Ginwala.—From what country have you been importing?

Mr. Walchand.—We have imported through London. We do not know exactly where they come from.

Mr. Ginwala.—It is Continental material?

Mr. Walchand.—Yes.

Mr. Ginwala.—Have you been able to find out the difference between the Continental material which you are importing and the British material of a similar kind?

Mr. Walchand.—In the first place, Britain is not making any wire nail or any wire rod for our purposes or requirements and has never made any as far as we can see.

Mr. Mather.—England has not made any! That is not correct.

Mr. Ginwala.—It certainly seems that Great Britain does manufacture a considerable quantity of all kinds of things.

Mr. Walchand.—On May 16th, 1922 Sir Peter Rylands of Ryland Bros., Ltd., and Chairman of the British Wire Nail Manufacturers' Association made a statement before the committee of the Board of Trade. The following we have extracted from the statement:—

"German Nail Syndicates were in the habit of exporting wire nails to this country (England) and elsewhere at prices lower than the cost of wire itself.

It was impossible for British Wire Nail Manufacturers to undertake the large capital expenditure necessary to embark seriously upon this trade. In the first three years of hostilities the quantity of wire nails imported was as follows:—

	Tons.
1915	50,174
1916	67,553
1917	43,418

prices paid up to £70 per ton as compared with pre-war figures £6 per ton.

Strong pressure was brought to bear upon certain firms to develop nail production upon a substantial scale. Capital expenditure incurred in meeting this amounted to £67,096 and production of nails amounted to 10,485 tons in 1918. In the commencement of 1920 after the reconstruction of Belgium and the gradual development of production in Germany, wire nails commenced to flow freely into this country, the total imports being:—

	Tons.
In 1918	23,106
1919	30,461
1920	43,358
1921	35,600

There can be no doubt that if the pre-war conditions return, the continuance of the manufacture of wire nails in this country will prove equally impossible and all the plant which was erected at considerable expense during the war must be dismantled.

Already one firm—the Enterprise Steel Co., Ltd.,—which embarked on the industry for the first time during the war and at the desire of the Ministry of Munitions expended a capital sum of £15,000 for the purpose has definitely abandoned the industry.

Guest Keen & Nettle Folds, Ltd., the most important of the British Nail makers, who have struggled to establish and maintain the manufacture of wire nails in this country for 40 years or more, were inclined to consider the abandonment of the manufacture altogether."

Mr. Ginwala.—You say that before you started this project of yours you went to England. I think you also sent someone to America. Were you able to get their costs of production?

Mr. Walchand.—No. I went first to England with Mr. Modak in 1919 and tried to get a project if possible both for capital and revenue. We could not succeed. We tried our utmost through all the channels possible. We went through the Board of Trade. We could not succeed. We were referred to Mr. Bedson. We went to his factory in Manchester. There we found an obsolete plant. They were doing something which was not commercial or suited to India.

Mr. Ginwala.—In substance, you were not able to get what you wanted?

Mr. Walchand.—That is so. Then I applied to America. In 4 weeks' time I got a complete capital and revenue project and the Consulting Engineer came over to London and we discussed and revised the project. We sent Mr. Modak to America to study local conditions. Mr. Modak was given all facilities.

Mr. Ginwala.—That is the point. Can you give us the American works cost?

Mr. Walchand.—Not to-day. The Consulting Engineers gave us all the literature on the subject.

Mr. Ginwala.—That was in 1919 and 1921?

Mr. Walchand.—Yes. Mr. Marshall placed all the literature and all the available information at our disposal.

Mr. Ginwala.—Can you give the works cost?

Mr. Walchand.—We have not got it. We will ask Mr. Marshall to give it to us again.

Mr. Ginwala.—The point is this. We have got to see how we are situated, with reference to these foreign countries in the manufacture of these articles.

Mr. Walchand.—Mr. Marshall in that project very strongly urged that we would be able to compete with any foreign competitors.

Mr. Ginwala.—He may say so.

Mr. Walchand.—As a business man I was satisfied with what he said.

Mr. Mather.—Were the statements which Mr. Marshall showed you actually ascertained working costs, or were they merely estimates?

Mr. Walchand.—They were not estimates. Mr. Marshall spent some 10 years of his life in wire drawing factories. I think it was in Cambria Steel Works. Mr. Longreen, our first manager, for the whole of his life had done nothing but wire drawing.

Mr. Ginwala.—Mr. Marshall has, I hope, brought his book up to date and you may if you can get this information.

Mr. Walchand.—I will write to Mr. Marshall in New York and ask him if he will give us the information. You may also do it.

President.—It is only a question to whom he is most likely to give the figures.

Mr. Ginwala.—As regards the works costs, in America they don't make too much fuss.

Mr. Modak.—I beg your pardon, they do.

Mr. Ginwala.—Our position is rather difficult in this way. There are not enough instances. There is only one firm doing a particular kind of business. We cannot compare their cost with anybody else's. In America the position is different. There are many firms doing the same business. Further we have not the means of knowing how costs have been brought down in other countries and our position becomes still more difficult.

Mr. Walchand.—We will explain the situation to Mr. Marshall. It will take about 3 months to get a reply. Will it be in time?

Mr. Ginwala.—Unless a cable is sent, it won't be in time.

Mr. Walchand.—We will send a cable explaining our situation.

Mr. Ginwala.—The sooner you can get the information the better.

Mr. Walchand.—I quite see.

Mr. Ginwala.—Supposing you brought down these costs to Rs. 90-13 per ton and you add to that the cost of the rod, I take it that you will almost be able to compete with your foreign rivals?

Mr. Walchand.—Yes, and during that time, we want protection.

Mr. Ginwala.—Your contention is that you should get protection in the meanwhile?

Mr. Walchand.—That is what we say in our statement.

Mr. Ginwala.—That is for a period of five years?

Mr. Walchand.—Yes.

Mr. Ginwala.—Who gave evidence before the Fiscal Commission, did you? At least some one of your company did. Who it was I have not been able to find out because the witness has always been described as the Secretary. Even in the oral evidence, he has been called " The Secretary."

Mr. Walchand.—I gave evidence on behalf of the Scindia Steam Navigation Co. Mr. Modak gave evidence on behalf of the Steel Wire Products Co.

Mr. Ginwala.—Where did you get those interesting figures about the consumption and manufacture of wire and other products from? Were they taken from American publications—I mean official publications?

Mr. Modak.—They were taken from " Iron Age " and " Hardware Age," public publications.

Mr. Ginwala.—There are some statements made there. Will you like* to go through the evidence and bring it up-to-date?

Mr. Modak.—Yes.

President.—And modify any statement which your subsequent experience shows you ought to modify.

Mr. Modak.—Yes.

Mr. Ginwala.—I take it that the whole of your directorate consists of Indians?

Mr. Walchand.—Yes.

Mr. Ginwala.—And the whole management, except some expert staff that you require at Jamshedpur, are Indians?

Mr. Walchand.—Yes, we have got now only one non-Indian.

Mr. Ginwala.—You have only issued half your capital?

Mr. Walchand.—Yes.

Mr. Ginwala.—It is fully paid up?

Mr. Walchand.—Yes.

Mr. Ginwala.—Was it subscribed by Indians?

Mr. Walchand.—99 per cent. of our capital is Indian.

Mr. Ginwala.—And your labour is Indian?

Mr. Walchand.—All, with the exception of one man. We are training apprentices. We have got already two and we are contemplating to take two more as apprentices. The idea is that at the end of the apprenticeship they will be put directly in charge to become ultimately heads of Departments.

Mr. Ginwala.—You selected Jamshedpur as the most convenient site for your works?

Mr. Walchand.—Yes.

Mr. Ginwala.—Because of its proximity to Tata's.

Mr. Walchand.—Yes, because of the raw material.

Mr. Ginwala.—This does not apply to your other raw materials?

**Vide* Appendix H to Statement III.

Mr. Walchand.—Wire rods are the bulk of our raw materials, more than 60 per cent.

Mr. Ginwala.—You have stated in your Director's report that you have approached the purchasing authority of the Government of India for securing orders, and that he has been good enough to write to the consuming departments of the Government of India on the subject and you have expressed the hope that the results will be satisfactory. What has happened to this? Will you please tell us?

Mr. Walchand.—We hoped that the results would be satisfactory, but unfortunately they have not been so. With the exception of one or two enquiries, for instance from Military Grass Farms, Oudh and Rohilkhand Railway and some others, enquiries have been extremely small. Some big orders have passed our hands. As a matter of fact, enquiries have not been made of us, and as I told you before some of the officers did not know that duty had to be added when comparing prices. Although Simla did all that it could do, our hopes have not been fulfilled.

Mr. Ginwala.—Whom did you mean by the purchasing authority?

Mr. Walchand.—Mr. Pitkeathly of the Indian Stores Department. He was extremely kind and he did his best and in some cases even asked for an explanation from them.

Mr. Ginwala.—What explanation do you suggest for this conduct?

Mr. Walchand.—I think that in the first place it means less worry and less responsibility. It is easier for officers to send the indents to London and the responsibility, worry and work are off their hands. There will be no trouble in inspecting these articles and no responsibility as regards payment and no worry about drawing up contracts which they would have to do if orders were placed in this country.

Mr. Ginwala.—Is there any great deal of inconvenience in dealing with Jamshedpur or Bombay?

Mr. Walchand.—As compared with London, it entails a bit more work and a bit more responsibility on the part of the purchasing officer. London is the easiest and if anything goes wrong, he can always blame London. If the material is not sound or up to the mark, he can always blame London. In the case of the articles bought locally, he will perhaps be called upon to explain if there is anything wrong. On the other hand if the indent is placed on London, and if there is anything wrong, he can always point to London.

Mr. Ginwala.—There is one thing about the barbed wire. Do you know that some provinces have forbidden the use of barbed wire because the cattle are injured?

Mr. Walchand.—I do not know.

President.—So that it may not be, after all, an attractive commercial proposition.

Mr. Walchand.—Whenever the demand comes—it may come from the Military Department—we can take advantage of that.

Mr. Ginwala.—Do you suggest that these import figures that you have given represent the requirements of the country, for there are a lot of iron nails and other things manufactured locally and used because the cost of the imported article is higher?

Mr. Walchand.—Some iron nails are manufactured locally.

Mr. Ginwala.—The country ones are preferred because of the cost.

Mr. Walchand.—Not exactly for the same purpose.

Mr. Ginwala.—In buildings for instance, they can use ordinary country-made nails.

Mr. Walchand.—Where wire nails is wanted, it must be generally used and it cannot be replaced by any other.

President.—Wire nails might take the place of the iron nails used at present. *Is there any possibility of that? How would they compare* in prices, for instance, with the ordinary iron nails?

Mr. Walchand.—We have not thought about that.

Mr. Ginwala.—In India a considerable amount of iron nails must be used, and so in that way the figures that we now have of the imports do not necessarily represent the country's requirements of wire nails.

Mr. Walchand.—We have thought about this from the point of view of the possibility of business. We have also discussed with the Trus-Con people of America who contemplate opening out in India and they said that they alone could buy our whole output of wire.

Mr. Ginwala.—Do you mean that you have reached the maximum requirements of the country when you have manufactured 12,000 tons?

Mr. Walchand.—No, duplicating or adding to our output is a very easy and simple matter. The nucleus is there. Addition of a bench or two does not cost us much and it is not an elaborate process.

Mr. Ginwala.—Do you suggest there is some German ring which enables them to cut down prices?

Mr. Walchand.—We have said that Germany has been stocking all kinds of steel and other products and she will be able to continue to dump these goods into foreign markets, till her collected stock is exhausted.

Mr. Ginwala.—I am not referring to that.

Mr. Walchand.—But these conditions exist in almost every industry.

Mr. Ginwala.—There is a suggestion in your evidence that production in a sufficiently large scale makes it possible to bring down the cost of production. But 12,000 tons appears to be too small a quantity.

Mr. Walchand.—As soon as we get over our initial difficulties and begin to manufacture that quantity, we shall be able to stand on our own legs.

Mr. Kale.—You have told us that you have got only one non-Indian in your works. How is it that you are able to run your factory without more foreign labour?

Mr. Walchand.—Mr. Modak has all his life been a mechanical engineer and has been twice to America to study this industry specially and he is now taking the place of General Manager which was held by an American expert. That is how we can do without an American expert.

Mr. Kale.—Representatives of other firms who have appeared before us have told us that in the case of a new industry it is necessary for many years to employ imported labour on a considerable scale. I find that in your factory you are able to do the work without much imported labour. How do you account for the difference between your organization of the industry and other organizations at Calcutta and Jamshedpur? Is your industry simpler than other industries?

Mr. Modak.—Our process is more mechanical and people can very soon pick up the methods of handling the wires, etc. We have not got any work at present for which we require imported labour, but when we come to the manufacture of wire ropes and woven wire we may require that.

Mr. Ginwala.—So that when you expand your industry to manufacture more highly finished products, you will require, until your men are properly trained, some amount of imported labour?

Mr. Walchand.—The experience of our expert in this respect has been extremely good. The improvement of the Indian labour has been beyond his expectation. They pick up their work as quickly as an American, if not quicker.

Mr. Kale.—Are you satisfied with your labour?

Mr. Walchand.—Yes.

Mr. Kale.—You have not got the same difficulty which is encountered by other firms in India? Some industries conducted on the Western model complain that they do not get Indians of the right type and that they take a lot of time to do the kind of work that is required of them. Your experience is quite different from this?

Mr. Walchand.—Quite. Indians are quite capable and prepared to take the coat off as well as a non-Indian can do it.

Mr. Kale.—Do you think the opinions held by others are based partly or prejudice or bias? How do you explain that?

Mr. Walchand.—It is very difficult to say what others based their opinions on and I would prefer not to answer that.

Mr. Kale.—You are interested in some other industries?

Mr. Walchand.—Not many; in the shipping industry, in the Scindia Steam Navigation Company we are doing without any non-Indian in the Operating (Traffic) Department.

Mr. Kale.—I am asking you this question because I want to know what experience you have about the employment of Indians.

Mr. Walchand.—My experience has always been very favourable as regards Indian labour.

Mr. Kale.—In your statement you say your products won't compete with British products. Why not?

Mr. Walchand.—Because Britain does not manufacture what we call bazar trade goods, wire nails, etc.

Mr. Kale.—They specialize in a higher type of product and you are not going to turn out that kind of products for some time to come?

Mr. Walchand.—Yes.

Mr. Kale.—Suppose you take up that later, will you be able to compete?

Mr. Walchand.—We have not gone into the details and it would be difficult to say off-hand. On general grounds we should say we ought to owing to the general conditions of cheap labour, etc.

Mr. Kale.—Your reference to your not competing with British manufacture is made to disarm British opposition and also to facilitate your obtaining protection?

Mr. Walchand.—Yes, we thought it might possibly smooth matters. We are not fighting against the interests of Birmingham or Sheffield!

President.—Unfortunately you have told us that you can suggest no way to discriminate between British and Continental manufactures?

Mr. Walchand.—At this stage. We are now manufacturing nails, etc., and in this it will not affect the British manufacturers at all. When we begin to manufacture wire ropes, etc., then we will have to compete with them.

Mr. Kale.—So that you are in a position of advantage in this that you are competing with non-Empire products—products manufactured outside the British Empire. That is a condition in your favour at present.

Mr. Walchand.—That is why we expected that you would grant us protection from to-morrow!

Mr. Kale.—You have a contract with Tatas which is favourable to you as you said, and do you think that is the ground why Tatas deserve special consideration?

Mr. Walchand.—Not only on that ground; from economic grounds I would strongly support protection being given to steel.

Mr. Kale.—Is it not a special consideration that Tatas make sacrifices for these subsidiary industries and give facilities and help the industrial development of the country generally?

Mr. Walchand.—That is an additional ground.

Mr. Kale.—You come from Bombay? When you speak about the feeling in Bombay regarding protection are you speaking as a businessman or as one interested in this industry or as one of the general public?

Mr. Walchand.—I have no interest in the Tata Iron and Steel Co. except as a very small shareholder. As regards the Steel Wire Products, Ltd., I am merely the Managing Agent. As an Indian, as a member of the general public, I do feel that if protection is not given to Tata's, it is bound to lead to a very unpleasant situation.

Mr. Kale.—As a shareholder of Tata's are you not prepared to make a sacrifice for the country's industrial development by not insisting upon a dividend?

Mr. Walchand.—When every other country in the world has granted protection India alone is wavering.

Mr. Kale.—Even from the shareholder's point of view, business conditions must dominate and you cannot expect shareholders indefinitely to sacrifice for an indigenous industry. You are asking for protection for Tatas and if they are not given protection it may happen that the Company will not be able to pay a dividend to shareholders. The shareholders will then suffer. I want you to tell me whether it is for your interest as a shareholder or as a general member of the Indian community that you are asking for protection.

Mr. Walchand.—As a general member. Interest does not matter. As an Indian, as a businessman, I most strongly say that protection ought to be given. I purposely disclosed my interest in the Tata Iron and Steel Co. as a shareholder, otherwise I say as an Indian full protection should be immediately given; I cannot put it strongly.

Mr. Kale.—Will you have to rely upon Government orders to dispose of your products?

Mr. Walchand.—Government are one of the biggest consumers in the first place; then it is easy comparatively to handle Government orders. The Telegraph Department alone can consume almost the whole of our output. This is a great advantage instead of having to canvas all over the country, and naturally Government is a steady and a safe customer.

Mr. Kale.—Suppose Government places orders with you, you will be able to dispose of the whole of your output?

Mr. Walchand.—Our figures show 16,000, barring Government requirements.

Mr. Kale.—If Government placed orders with you it will be better, otherwise you will be able to find market for your products?

Mr. Walchand.—Yes.

Mr. Kale.—You say you cannot substitute iron nails for wire nails in many instances?

Mr. Walchand.—As a layman I say that, but I do not know whether experts will substantiate that.

Mr. Kale.—Have these wire nails been in use in India for a very long time?

Mr. Modak.—The difference between the ordinary nail and the wire nail is that the former can only be used to a certain limit. For instance where an one inch wire nail is required an one inch iron nail will not serve at all. It has edges on four sides so it cannot take the place of wire nails, but in cases where smaller sizes are required, such as ¾ inch or ½ inch, the change can take place but for a 5" or 6" nail this cannot be done. How long they have been in use in India I do not know but I think not very long.

Mr. Kale.—May I take it that there is special scope for these wire nails?

Mr. Modak.—Yes. More wire nails are being used now than before.

Mr. Kale.—You think that as their use increases your business will also increase? You will not suffer from want of demand.

Mr. Walchand.—The demand will go on increasing from day to day. Wire nails were practically unknown in the market a few years ago but now they are being used even in the villages.

Mr. Kale.—There is similar scope for fencing wire.

Mr. Modak.—There is great scope for what we call 3 ply or 5 ply fencing wire.

Mr. Walchand.—These we are not at present producing but will do so in future.

Mr. Kale.—There is a growing demand for these?

Mr. Modak.—Yes. Even villagers use these for fencing round their gardens to protect their crops and so on.

Mr. Kale.—In your case you want protection for only a short period and you are confident that within this period you will be able to overcome your present difficulties and compete successfully with imported products, and on that ground in the infancy stage of your industry, so to say, you want support. You have been telling us that when you are given that you will be able to come up to the level of the British manufacturer within a period of five years and you would not require protection for a longer period than that.

Mr. Walchand.—We have asked for ten years, first five years Rs. 5, and the next 5 years Rs. 4.

Mr. Kale.—The maximum period may be taken as 10 years?

Mr. Walchand.—Yes.

Mr. Kale.—Suppose the steel industry is given protection of 33⅓ per cent., will you be affected after five years?

Mr. Walchand.—To the extent of one-half custom duty.

Mr. Kale.—How will that affect your cost as compared with the cost of the foreign manufacturer? Do you think you will be able to compete with half the difference added?

Mr. Walchand.—For that reason we have asked for a duty of Rs. 4 for the next 5 years and after that we think we will be able to stand on our own legs.

Mr. Kale.—Whatever the increase in the import duties and consequent increase in your cost—because in the next 5 years you will have to pay half the difference—in spite of this increased cost at the end of 10 years you think you will be able to compete?

President.—Even if you have to pay a higher price for your raw material than the foreign manufacturer? You may be paying 33⅓ per cent. higher than the foreign manufacturer for your raw material.

Mr. Walchand.—What will happen at the end of 10 years I cannot say. That deserves consideration.

President.—If at the end of 10 years protective duty existed on the steel which raised the price of your raw material, would not that be a disadvantage under which you would be suffering?

Mr. Walchand.—We cannot call that normal. That would be something unusual.

President.—Then you consider that you ought in some way to be compensated for that?

Mr. Walchand.—I say that 10 years is too long a time to be reviewed in detail.

Mr. Kale.—If this duty on steel continues after 10 years, you require some kind of assistance to compensate for that, so that after 10 years you will be able to stand on your own legs?

Mr. Walchand.—Other things being equal I ought to be able to compete, but if there is a definite handicap of a duty on raw material and no duty on finished product that is unusual and unfair.

Mr. Kale.—You mean there should be a duty on finished product—a duty equivalent to the duty on raw material.

Mr. Walchand.—Yes.

Mr. Kale.—You say that for the first five years a duty of Rs. 5 should be levied and Rs. 4 for the next five years and that after that you will be able to stand on your own legs?

President.—Do I understand your position to be this, that provided your finished products were protected to the extent necessary to compensate for the higher price you might have to pay for your raw material on account of protective duty, you could hold your own?

Mr. Walchand.—Yes.

Mr. Ginwala.—What is your position at present? Tatas do not manufacture these. Are these wire rods used for any other purpose except for manufacturing wire ropes and wire nails?

Mr. Modak.—They are not used for any other purpose.

Mr. Ginwala.—My point is this suppose Tatas are not able to manufacture these, then you would like these wire rods to be excluded from tariff. is not that so?

Mr. Walchand.—That is what we have said, that so long as Tatas do not manufacture these, they should not be taxed.

Mr. Ginwala.—As soon as they begin to manufacture them, from your point of view it does not matter whether it is protected or whether it is not? You are indifferent because you are under a contract?

Mr. Walchand.—We are indifferent as soon as Tatas begin to make wire rods.

Mr. Ginwala.—You do not make any recommendation about that?

Mr. Walchand.—No, we don't, except the general strong recommendation to protect the Indian steel industry.

Mr. Mather.—You have expended a certain amount of capital on machinery for Steel Shelving. Do you still intend to manufacture that?

Mr. Walchand.—Owing to general slump and want of orders from Government, which is the biggest consumer of steel shelving, we have stopped any further work or expenditure on that department, and when we gave you the figure of 12,000 that department was practically stopped.

Mr. Mather.—You are not making any claim at all as regards any duty on steel shelving?

Mr. Walchand.—Not at present.

Mr. Mather.—I am not quite clear even yet about this cost of your wire rods and what your relative position will be when Tatas begin to supply these. You have told us that the cost of wire rod is Rs 8-8 per cwt. or Rs. 170 per ton delivered at Jamshedpur. Under this arrangement with Tatas you are paying the mean of the English price and the American price *plus* 10 shillings. The latest market quotation is that in the "Ironmonger" of soft wire rods £13.

Mr. Walchand.—I think the quotation was reduced to £10.

Mr. Mather.—That is where the whole crux of the question lies. You have to buy from Tatas on the paper quotation.

Mr. Walchand.—They are to be supplemented by weekly cables from London and from New York.

Mr. Mather.—Ascertained in what way?

Mr. Walchand.—Details are given in the contract. I think these cables will be based on actual transactions.

Mr. Mather.—The whole point is this: The price you are paying now is for Continental steel, which is actually less than the selling price of English or American steel. If the price you are going to pay Tatas is based on actual selling price of Continental steel, I see that you are going to get a benefit. If it is to be based on the selling price of actual English or American steel you are probably at a disadvantage.

Mr. Walchand.—That refers more or less to the English material. To that extent we shall have to be at a disadvantage.

Mr. Mather.—We have been assuming that you might be in a more advantageous position than these figures show when you began to get your supplies from Tatas. It seems now that there is a possibility that you have not got that advantage.

Mr. Walchand.—When this agreement was framed we all thought that Germany would never be able to compete at all and we never expected competition from Germany.

President.—It was perhaps shortsighted.

Mr. Mather.—I think it is sufficient on that particular point for the moment. You have told us that at present you have only one European employee. I take it he is on a time contract with you.

Mr. Walchand.—Three years.

Mr. Mather.—May I know when that expires?

Mr. Walchand.—There are about two years more.

Mr. Mather.—So that you are assured of a supply of European supervision for another two years.

Suppose you received one of these large orders which Government may have placed recently. Would you be in a position to finance that and deliver promptly if you are required to supply say 2,000 tons for the next six months practically within the capacity of your plant.

Mr. Walchand.—I think we can manufacture and supply, but that will depend on prices and protection.

Mr. Mather.—Independently of protection, what do you think?

President.—It is not a question of price at all. Assuming you have got an order at prices satisfactory to you, would you do it?

Mr. Mather.—Could you actually undertake the work? Supposing any of the purchasing departments came forward and offered you an order for 1,500 or 2,000 tons for delivery within six months, could you do it technically and could you finance it?

Mr. Walchand.—As regards production my production last month was 120 tons. If I am given an order which requires a production of 300 tons to comply with immediately it is impossible. I am gradually training my labour and therefore I will take some time before I shall be able to produce such a large quantity. On the other hand if some order for say 150 tons gradually increasing the same per month is given, I will be able to comply with it. It depends on the training of labour and the organisation. If an order for three or four times our present production is given, naturally we cannot fulfil it. We won't undertake it.

Mr. Mather.—Within the capacity of the output of your plant and possible increase in the development of your organisation, you will be able to finance any order that you can get?

Mr. Walchand.—Yes.

Mr. Mather.—I ask that because an impression has got abroad that you are having difficulty in financing.

Mr. Walchand.—During the last four months we had difficulties about our working capital.

Mr. Mather.—So there has been a period within the last few months in which you had difficulty in that direction.

Mr. Walchand.—If orders come regularly there is no difficulty. What the Directors are asking is "Wire is costing you Rs. 19-8 but it is selling in the market at Rs. 14. What are you going to do?" A fixed sum of Rs. 9,000 to 10,000 we have been losing.

Mr. Mather.—I admit that I have not been in close touch with your works for some months past. I was in England on leave for some months. Before I went on leave I went once to your works in order to inspect them and to report to Government whether you would be able to undertake any of the Government orders. I asked the question of your General Manager and

Mr. Modak whether you had financial capacity for accepting orders and complying with them. I was told that you could do so. I gathered that in the interval something had happened to put the impression abroad in the minds of the purchasing departments of the Government that you were having financial difficulties. That of course promptly makes a purchasing department shy of placing any orders for fear that you might not be able to get the work done.

Mr. Walchand.—I think that will be all right now.

Mr. Mather.—You said that you were trying to work out a scheme under which it might be possible to differentiate between the kind of wire you expect to make in the near future and the other kinds which you cannot manufacture in the near future.

Mr. Walchand.—You want me to substantiate that statement.

Mr. Mather.—Supposing the Board accept the principle of protecting your industry, it does not follow necessarily that it is desirable to put a higher duty on forms of wire which you cannot manufacture.

Mr. Walchand.—We have not claimed protection on those.

Mr. Mather.—You do not ask the Board to do that. If the Board could do what you have asked and make a recommendation accordingly, the tariff schedule should be altered in some way which would enable the Customs authorities to differentiate between kinds of wires which you do make and those which you do not. Am I right in understanding that you hope to be able to give us details about the kinds of wire that you make or propose to make?

Mr. Walchand.—What I was driving at was that we were manufacturing wire and wire nails. The British manufacturer does not come in to a great degree there: he might be affected only as regards a very small quantity. It is only later on that he comes in when we shall be able to manufacture wire rope, woven wire, etc. It will be a long time before we begin to manufacture these.

President.—What Mr. Mather is asking is whether you hope to send to the Board what is practically a draft of the proposed entries in the tariff* schedule because the additional duty that is finally imposed can be only on the kind of wire which you manufacture excluding those which you do not. It is a purely practical proposition.

Mr. Walchand.—We understand the difficulty and we shall send you a draft.

Mr. Mather.—The tariff schedule is at present worded in this way: "Wire including fencing wire, piano-wire and wire-rope but excluding wire netting. . . ." Obviously any additional duty will not be put on wire rope because you do not manufacture it. Also piano-wire, which I think you do not expect to manufacture, would bear no extra duty. So wires should be separated into two kinds, those which you manufacture and those which you do not. What I was asking was whether you were going to help us in the draft classification. Similarly on nails: do you claim protection on all nails or only on wire nails?

Mr. Walchand.—Only on wire nails. We are not making screws, rivets, etc. We only claim protection on the nails we manufacture.

Mr. Mather.—If the duty is put on wire nails and not on others, you are not afraid of competition in respect of the other nails?

Mr. Walchand.—We do not manufacture them.

President.—In answer to Mr. Ginwala you considered that the products you manufactured were of national importance irrespective of the provisions laid down by the Fiscal Commission in ordinary cases. Take the case of wire. Is it because it is used for telegraph purposes that you consider it of national importance? Is that the main thing?

**Vide* Appendix J to Statement III. Also Statement IV.

Mr. Walchand.—Telegraph, telephone, barbed wire, etc. What I was telling Mr. Ginwala was that barbed wire is also used for protection of crops by the agriculturists: and it is also urgently required during war time in abundant quantities.

President.—For the moment you do not manufacture it.

Mr. Walchand.—We might get a machine and start manufacturing that at any moment. But I was thinking of only telegraph and telephone wires mainly.

President.—Your arguments do not apply to wire nails.

Mr. Walchand.—Telegraph and telephone and barbed wires are the main things and if these things are made locally that will be extremely essential during war time.

President.—I do not know whether you have any figures to make a comparison possible between the present prices of wire rod and wire as compared with the pre-war prices.

Mr. Walchand.—We shall send you those figures: we have got them somewhere in detail.

President.—It might be useful just to see how these particular things have changed in prices since 1913.

Mr. Walchand.—The difficulty as regards those figures is to get them from the Continent, because the Continent was the only place from which we were importing these things into India in pre-war days.

President.—If you have any information you might send it to us.

Statement I.—Original Representation of the Agricultural Implements Co., to the Tariff Board, dated 27th September 1923.

In view of the enquiry which is now being held to investigate the condition of the steel industry in India, and the question as to whether it should be given further protection, we have considered it advisable to put our case before you, and do so with full confidence, that it will receive your careful consideration.

1. The Agricultural Implements Company, Limited, hereafter referred to as the Company, was formed for the manufacture of implements such as picks, powrahs or kodalies, railway beater picks, miners picks, tea garden tools, hammers, crowbars, etc.

The Company has an authorised capital of Rs. 25,00,000 which has been fully paid up, and a factory which is believed to be the most up-to-date of its kind yet constructed, has been built and equipped at Tatanagar on land leased from the Tata Iron and Steel Company, Limited.

2. This factory has cost nearly Rs. 27,00,000 to complete and put in working order, and quarters for the staff and workmen are provided. A water filtration plant has been installed, and a supply of filtered water for drinking and domestic purposes is laid on to all the quarters and works.

A sewage disposal scheme has also been installed and everything possible has been done to ensure the comfort and welfare of the employees. A considerable sum has been spent in this direction, but we have realised it would be an unwise policy to train up men specially for our work, without at the same time making their accommodation sufficiently attractive to induce them to remain in our service.

3. The Company has entered into an agreement with the Tata Iron and Steel Company, Ltd., for all steel requirements, power, and unfiltered water for industrial purposes. Under this agreement the Company has to purchase all its supplies of steel from the Tata Iron and Steel Company, Limited, provided always that they are in a position to supply sections of the requisite quality and size. We have had no difficulty in getting our demands completely satisfied so far.

4. The advantages of such an agreement are many; it enables the Company to avoid carrying large stocks of the various sizes of bars used, as would be the case if they were imported from abroad, alterations in the size of sections, or new sections, can be easily obtained, and above all a standard quality of steel can always be ensured, which is a particular advantage in the hardening and tempering processes. Most of these advantages would disappear if the material had to be imported and the difficulty of fluctuating exchange would also enter into consideration.

5. But as steel is the raw material of all our products any increase in the duty and any consequent increase in the price must affect us very seriously unless a corresponding increased protection is given to the manufactured article.

6. The maximum output of our factory with its present equipment is 4,000 tons per annum of finished articles, corresponding to about 2,750,000 pieces of the type we are at present manufacturing.

We append a Statement A*, in which is given the total imports into India for the three years ending March 1922 of hardware "Agricultural Implements" as classified in the "Sea-borne Trade of British India." This statement shows that the average imports under this heading for three years were Great Britain Rs. 24,81,475, and from other foreign countries Rs. 4,97,843. As all imports are lumped under one heading, it is difficult to give any ton value, but to show the possible output of our factory as compared with the amount imported an average of Rs. 614 per ton c.i.f. has been taken. Dividing the average value of imports by this figure we get 4,047 tons from Great Britain and 810 tons from other foreign countries or a total of 4,857 tons.

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* Appendix A.

From these figures, which are the only ones we are able to obtain, it can be seen that our factory, if working to its fullest extent, can produce over 80 per cent. of the average requirements of this country for the last three years.

7. Previous to the war Germany and Belgium provided a much greater proportion of the imports than they have done during the last three years, it is, however, generally known, that Germany in particular has been accumulating large stocks of manufactured steel and implements of various kinds, and the possible chance of having to meet the competition which dumping into India of German goods would cause, is another reason why we are asking for further protection.

8. We therefore base our claim on the following grounds:—

(*a*) That any new industry established in India must of necessity carry a very large overhead charge until it can be worked up to its full capacity.

(*b*) That it must meet severe and prolonged competition from foreign manufacturers who have already established themselves in the Indian markets and naturally will do their utmost to make that competition as severe as possible.

(*c*) Possible dumping by competitors who do not depend entirely on the Indian market for their sales, and who have in addition competitive sources of supply with the consequent lower prices for raw materials.

(*d*) Cheap ocean freights to the various centres of distribution in India as compared to the high railway charges we have to incur.

(*e*) Opportunities for disposal of waste in Great Britain and on the continent, the effect of this disposal being to lower the cost of raw materials; the possibility of satisfactory disposal does not yet exist in India. The amount of scrap in some of our manufacturing process is as much as 40 per cent. of the gross weight, that is only 60 per cent. of the intial weight goes into the finished article.

It will be seen how serious an item waste is when it is pointed out that our raw material costs us Rs. 198 per ton and we can only obtain Rs. 35 per ton for the scrap.

Taking these statements in the above order

(*a*) We append a Statement B* in which you will find our overhead charges given in full for our present production of 80 tons per month and also the estimated charges on our full production of 340 tons per month. These amount to 50 per cent. and 37 per cent. respectively and it is obvious that unless the overhead charges can be reduced or our production increased we are very much handicapped on this account.

We also append a Statement C†, which gives the actual nett cost of two different articles of our manufacture. The examples given are of the heaviest articles we are yet putting on the market and although the overhead charges would be higher in the lighter articles where the amount of material is smaller in relation to nett cost we have not thought it desirable to give extreme cases.

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* Appendix B.

† Appendix C.

On 80 tons per month production our nett cost is Rs. 380 per ton average and overhead charges 50 per cent. of finished cost which brings the finished cost up to Rs. 767 per ton. Imported articles at Rs. 710 per ton, a difference in favour of the imported article of Rs. 57 per ton.

On 340 tons per month production our nett cost will be the same, viz., Rs. 380 per ton and the overhead charges 35 per cent. of finished cost which brings the finished cost up to Rs. 609 per ton. Imported articles Rs. 710 per ton or a difference in our favour of Rs. 101 per ton.

In Statement D* we show what would be our position with the factory working on full output assuming that the prices stated above would hold good.

From this Statement it will be seen that with the factory working to its full extent our nett profit would only amount to 6·96 per cent. on the capital charge of Rs. 25,00,000.

(*b*) This needs no emphasizing as it is obvious that competitors will not let go of a profitable market without a severe and prolonged struggle.

(*c*) We have no actual evidence of dumping taking place, but English prices have been reduced three to four rupees per cwt. in the last three months without any corresponding fall in the price of raw materials.

(*d*) Taking the distance as being about equal from our Works to Bombay, Madras and Karachi it costs us over Rs. 60 (sixty) per ton for freight to those places, ocean freight from England is about Rs. 30 per ton and from Antwerp and Hamburg about Rs. 18 per ton.

(*e*) The utilization of waste is so obvious that it needs no further explanation on our part except to state that we have this aspect in mind.

We have endeavoured to lay before you as far as we can the position of our Company and show that it practically fulfils all the conditions as laid down by the Fiscal Commission in their paragraph 97 and feel sure that our application deserves your most careful consideration.

We feel confident that our Company can be placed upon a sound basis if we are given assistance until we can dispose of our full production. Our experience has shown that it is impossible to do this in face of the present competition and we ask that you will give us increased protection and we beg to suggest that this takes the form of an increased duty of 20 per cent. for a period of five years, the continuation or otherwise of this increase in duty to be a question for consideration at the end of this period.

Finally we would urge that all Government Departments and Railways should be required to place their orders with Indian Manufacturers in all cases where the quality is equal to the Imported article and when prices after taking into consideration any duty that may be afforded are similar. This has been advocated many times but is not being followed in practice.

We enclose for your private information copy of our last Balance Sheet.

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* Appendix D.

APPENDIX A.

IMPORTS OF AGRICULTURAL IMPLEMENTS FOR THREE YEARS ENDING MARCH 1922.

Taken from "The Sea-borne Trade of British India."

	Great Britain.	Other Foreign Countries.
	Rs.	Rs.
1919-20	17,38,130	2,68,910
1920-21	36,19,820	6,73,330
1921-22	20,86,476	5,51,290
	74,44,426	14,93,530
Average for 3 years	24,81,475	4,97,843·3

$\frac{24,81,475}{614}$ = 4,047 tons $\frac{4,97,843}{614}$ = 810 tons

Total imports in tons = 4,857 tons annual average.

Full production of the Company 4,000 tons, *i.e.*, over 80 per cent. of average imports.

APPENDIX B.

OVERHEAD CHARGES.

	For one month on production of 80 tons per month.	For one month on production of 340 tons per month.
	Rs.	Rs.
Senior Staff salaries	4,350	4,350
Junior Staff salaries	3,208	6,516
Bombay Office charges	2,680	2,680
Agency commission	883	833
Water supply	310	620
Power supply	2,000	9,000
Transportation	600	3,600
Stationery, printing and postage	140	420
Advertising	535	535
Catalogues and Circulars	200	400
Coal Supply	2,000	7,280
Travelling charges	500	1,900
Machinery repairs	1,000	3,850
Stores	3,600	9,000
Die renewals	700	2,100
Petty accounts	200	400
Small Tools	300	900
Interest on loan	2,104	2,104
Interest on working capital	1,875	5,000
Selling commission	3,846	16,346
TOTAL	30,981	77,834
Working capital	3,00,000	8,00,000

	Rs.	
Average nett cost on 80 tons production	380 30,400	per ton.
Overhead charge on finished article	= 50	per cent.
Average nett cost on 340 tons production	1,29,200	
Overhead charge on finished article	= 37	per cent.

APPENDIX C.

ACTUAL COST OF PRODUCTION.

Cost of 7 lbs. Beater Picks.	Annas.
8½ lbs of steel at 1·4 annas per lb.	11·90
Cutting off and Annealing	0·10
Forging Eye and Trimming	0·30
Drawing out ends	1·50
Curving and Stamping	0·10
Grinding and Polishing	0·34
Hardening and Tempering	0·20
Painting and Packing	1·50
ACTUAL NETT COSTS	15·94

Cost of 4½ lbs Powrah.	
8 lbs of steel at 1·5 annas per lb.	12·00
Cutting off and Annealing	0·10
Bossing up	0·10
Side rolling	0·25
End rolling	0·20
Making eye	0·12
Trimming	0·05
Setting	0·10
Grinding and Polishing	0·24
Hardening and Tempering	1·10
ACTUAL NETT COSTS	14·26

	Rs.
Nett cost per ton picks	318
Nett cost per ton powrahs	442
Average	760+2=Rs. 380 (Rupees Three Hundred Eighty).

APPENDIX D.

On a production of 80 tons per month.		Rs.
Wholesale selling price of Imported articles average		710
	Rs.	
Our cost, 80 tons at Rs. 380 per ton	30,400	
Overhead charges	30,981	
	61,381	
Rs. 61,381 divided by 80 tons		767

A difference of Rs. 57 per ton in favour of the imported article.

On our full production of 4,000 tons per year or say 340 tons per month.

	Rs.
Our cost, 340 tons at Rs. 380 per ton	1,29,200
Overhead charges	77,834
	2,07,034

Rs. 2,07,034 divided by 340 tons
= Rs. 608·9 per ton or say Rs. 609.

	Rs.	
Imported article	710	
Our cost	609	
	101	Rs.
Yearly output 4,000 tons at Rs. 101 per ton		4,04,000
Depreciation on Rs. 23,00,000 at 10 per cent.		2,30,000
		1,74,000

Capital of Rs. 25,00,000.
Estimated profit Rs. 1,74,000 or 6·96 per cent.

No. 13.

The Agricultural Implements Company, Limited, Jamshedpur.

Statement II.—Replies to questionnaire No. I, from the Agricultural Implements Co., dated the 27th September 1923.

In answer to your circular letter, dated August 29th, 1923, enclosing list of questions on which you desire to have our remarks, we have the honour to give you herewith our opinions on the various points as requested.

1. We consider that the increase of duty on imported steel from 10 per cent. to 33⅓ per cent. would affect our operations to a considerable extent, unless a similar increase on manufactured steel implements is imposed.
2. We are making solid steel picks, pickaxes, railway beater picks, mining picks, powrahs or kodalies, trenching hoes, kodalie forks, ballast rakes, hammers, crowbars, etc. The whole of the raw material we use is steel.
3. When working on full production we shall require about 5,200 tons of steel bars of various sections per annum, this steel is of a special class containing ·55 to ·65 per cent. carbon, the sections also differ from the usual standards.
4. The cost of the steel is about 61 per cent. of the nett cost of the finished article.
5. From the only available source of information at our disposal we find that the total imports into India from all sources averaged Rs. 29,77,318 for the past three years ending March 31st, 1922. We are unable to give any information as to the quantity manufactured in India outside our own production, but we find there is a very small amount made in the bazaars.
6. Our Company only commenced work in January of 1923 and our production has been on an average 80 tons per month. The maximum output of the factory as at present organized is 4,000 tons of finished articles per annum.
7. Railways, the Public Works Department, the Military Works Department, Municipalities, Mines, Tea gardens, and Bazaar merchants who supply the ordinary users and petty contractors. So far as we are aware there are no exports of articles such as we manufacture.
8. None.
9. We have dealt with this question at length in our note on the prospects of our Company and the need for protection.
10. We consider that circumstances fully justify us in asking for further protection and more particularly would such protection be needed if the import duty on steel is increased.
11. We believe that protection would be best afforded by an import duty on foreign goods, such duty is in the nature of indirect taxation, is easily collected, and is felt less by the country as a whole, than any other form of taxation. We have stated in our note, submitted separately, what amount of protection is considered necessary in the case of our Company.
12. Dumping does occur, and is likely to continue, as competitors have the advantage of several markets, and are consequently in a position to average up their profit and loss, which is a condition that does not apply to a company catering for one market only.

Statement III.—Letter dated 20th December 1923, from the Agricultural Implements Company, to the Tariff Board, giving additional information called for during the oral evidence.

We have the honour to return herewith the evidence tendered by our representative duly corrected together with the additional information asked for by the Board.

(A) Actual Expenditure and production costs for the two months from September 15th to November 14th inclusive.

(B) The selling prices at which we have been able to dispose of some of our output. These prices have had to be reduced to meet the present competition.

(C) The actual output of the Factory for the two months referred to when only one shift was worked.

(D) The present import prices of English and German implements.

(E) Comparison of pre-war and present prices at Bombay.

(F) Depreciation charges in detail which we shall have to meet so far as they can at present be estimated.

(G) Imported articles used in our manufacturing processes.

(H) Comparing of costs of our steel supply with the cost of the English manufacturer.

(I) Gives the method by which the cost of steel bars is estimated.

From the Statement (A), it will be clearly seen that we are working at a considerable loss due in part to our heavy overhead charges and small production and also to the low import prices which at present obtain and on which we have to fix our valuation. During the two months on which our Statement (A) has been based, our net cost of production has been Rs. 397 per ton and the gross cost Rs. 718 per ton, the implements manufactured being shown in Statement (C). We can increase the production which averaged 60 tons per month without any difficulty and by doing so reduce our overhead charges to an amount which would not show any loss on a production of double the quantity while our nett cost would remain at Rs. 397 per ton the gross cost would be reduced to Rs. 580 per ton or a point at which we could possibly compete with the present prices but which figure would not allow for any depreciation or profit.

To provide for these two items:—

	Rs.
Gross cost at 120 tons per month	580 per ton.
Profit 10 per cent.	58 „
Depreciation	129 „
	767 „

These figures are based on a production of—

	Selling price. Rs.
24 tons Miners Picks	724·2 per ton.
48 tons Pickaxes and Beaters	554· „
48 tons Powrabs and Kodalies	682· „

An average rate of Rs. 638 per ton.

To cover the difference between this price and one which would allow for depreciation and 10 per cent. profit would require a sum of Rs. 1,85,760 per annum and we would respectfully ask that we may be granted assistance to this extent so that we can establish the Company on such a footing that within a very few years we may be able to stand alone.

With regard to the question raised as to the customs classification of agricultural implements, we are informed that such tools as we manufacture are classified under " Hardware (excluding cutlery and plated ware) Agricultural Implements (III E)."

We have again consulted the customs authorities and are informed that all articles such as we manufacture come under this classification and are subject to 15 per cent. import duty. Enquiries were also made as to what other articles were included in this classification and we were informed that no records were kept.

Statement IV.—Letter dated 9th January 1924, from the Agricultural Implements Company, to the Tariff Board, giving further additional information called for.

With reference to your letter No. 31, dated the 5th January 1924, we have the honour to give you herewith the information requested.

(1) The probable demand for Coal Miners Picks, as far as we can ascertain, is about 28,000 per annum by the 95 larger concerns, and 32,000 by the 650 smaller collieries. The figures are based on the number of picks we have been supplying to a few collieries during the last year, and can only be considered as approximate and when all collieries are working, which is not the case at present. This demand is not likely to increase but rather to become less with the increase of mechanical coal cutting machinery which has already been established in several mines.

(2) Demand for the Pickaxes from the Public Works Departments for famine reserve: We are unable to give you at short notice, but as an indication as to what this is likely to be, we may state that the Executive Engineer for the Sholapur Division is now enquiring for 7,000 powrahs and 7,000 picks for famine reserve.

The ordinary P. W. D. demand has varied from 150,000 to 180,000 powrahs and an equal number of picks per annum.

(3) From the " Ironmonger " of December 15th, the price of scrap in England, similar to that we have to dispose of, is Sheffield, Sh. 95 per ton, Birmingham, Sh. 95 per ton, North East Coast, Sh. 95 per ton, prices are delivered at nearest railway station.

(4) We would suggest that the definition suitable would be—

> " Hand tools and General Hardware, used for Agriculture, building work and similar industrial purposes."

The articles covered in this definition should include Picks, Pickaxes, Miners Picks, Railway Beater Picks and other picks of all kinds, Powrahs (defined as Kodalies or Mamooties in certain districts in India), Hoes, Forks, Ballast Rakes, Platelayers Hammers, Sledge Hammers, Quarry Hammers, Crowbars, Billhooks, Reaping Hooks, Grass Cutters Knives, Tea Garden Pruning Knives, Axes and Wood Splitting Wedges.

(5) We are not quite clear as to the import of this question, but if, as we understand it, you desire to know to what extent our prices would be affected, then, we would answer your question by stating that our prices would have to come down in ratio to the fall in c.i.f. prices if we wished to sell our manufactures.

Our desire is not to inflate prices but to increase our production to such an extent that we can compete successfully with the imported article by reducing our overhead charges.

(6) We sent you a statement of our actual working expenses for two months in Statement (A), which showed our costs complete for that period, amounting to Rs. 86,128-8-8. The selling prices for the articles produced is given in Statement (B), and the output in Statement (C), at the selling rates obtainable the value of the production equals to Rs. 64,867-13, showing an adverse balance of Rs. 21,260-11-8 for the two months referred to.

For further information as regards dumping, we may state that an order for a large quantity of picks has been recently placed in England by a

Bombay Import House at Rs. 21 per cwt. for 6 lb. picks and we are informed by this merchant that they will cost him Rs. 13-8 per dozen landed in his warehouse. Before the War, the same pick cost him Rs. 11 per dozen including only 2½ per cent. duty and it seems fairly obvious that picks cannot be bought at Rs. 13-8 including 15 per cent. duty, with the increased rates for labour and material which have been established during the War, without a considerable loss to the Maker. The exchange rate certainly gives great advantage at present, but not enough to account for the extremely low prices.

(A) Production costs for the two months September 15th to November 14th inclusive.

	Rs.	A.	P.	Rs.	A.	P.
Stores	6,875	0	0			
Raw Materials	15,217	0	0			
Coal Coke	3,326	11	0			
				25,418	11	0
Wages	16,936	7	0			
Power	4,680	0	0			
Water	620	0	0			
				22,236	7	0
Senior Staff Salaries	8,700	0	0			
Junior Staff Salaries	7,468	0	0			
Bombay office	4,600	0	0			
				20,768	0	0
Postage and Stationery	347	0	0			
Advertising	1,135	0	0			
Travelling Charges	800	0	0			
Office Rent	500	0	0			
Transportation	673	0	0			
				3,455	0	0
Agent's Commission	1,666	10	8			
Selling Commission	4,965	0	0			
Interest on Loan	7,200	0	0			
Rent	418	12	0			
				14,250	6	8
Total				86,128	8	8

Production for the two months from September 15th to November 14th inclusiv

Picks, Pickaxes, Beaters and Miners Picks	No.	32,234
Kodalies or Powrahs, Hoes Axes Etc.	No.	17,368
Crowbars, Drills Etc.	Cwt.	67½
Mining Hammers	No.	408
Stone Wedges	No.	18
Outside Work done	Rs.	500

(B) Selling prices of picks, etc.

	Per doz.			Per cwt.
	Rs.	A.	P.	Rs.
5 lb.	16	0	0	29·8
5½ lb.	17	0	0	29·0
6 lb.	18	0	0	28·0
6½ lb.	19	0	0	27·0
7 lb.	20	8	0	27·3
7½ lb.	21	8	0	26·6
8 lb.	22	8	0	26·2

Average Rs. 27·7 per cwt. or Rs. 554 per ton.

Beater Picks.

	Per doz.			Per cwt.
	Rs.	A.	P.	Rs
7 lb.	21	8	0	28·64
7½ lb.	22	8	0	28·00
8 lb.	23	8	0	27·42

Average Rs. 28 per cwt. or Rs. 560 per ton.

Miners Picks.

	Per doz.			Per cwt.
	Rs.	A.	P.	Rs.
3 lb	12	8	0	38·76
3½ lb.	13	8	0	36·00
4 lb.	14	8	0	33·87

Average Rs. 36·21 per cwt. or Rs. 724·2 per ton.

Powrahs and Kodalies.

	Per doz.			Per cwt.
	Rs.	A.	P.	Rs.
3 lb.	12	8	0	38·76
3½ lb.	13	8	0	36·00
4 lb.	14	8	0	33·87
4½ lb.	15	8	0	32·14
5 lb.	16	8	0	30·80

Average Rs. 34·14 per cwt. or Rs. 682·8 per ton. Off these prices we have to allow our agents 7½ per cent commission on sales.

(C) Output during 2 months from September 15th to November 14th inclusive.

	Number.	Weight lb.
5 lb.	2,656	13,280
6 lb.	10,544	63,264
6½ lb.	3,395	22,067·5
7 lb.	6,300	44,100
7½ lb.	1,032	7,740
8 lb.	950	7,600
		158,051·5
		or tons 70·5

Railway beater picks.

	Number.	lb.
7 lb.	2,747	19,229
7½ lb.	2,506	18,795
		38,024
		or tons 16·974

Miners Picks.

	Number.	lb.
3 lb.	1,060	3,180
3½ lb.	431	1,508·5
4 lb	964	3,856
		8,544·5
		or tons 3·81

Axes

	Number
2½ lb.	70

POWRAHS OR KODALIES.

	Number.	lb.
3 lb.	6,930	20,790
3½ lb.	3,360	11,760
4 lb.	4,635	18,540
4½ lb.	2,027	9,121·5
5 lb.	416	2,080
		62,291·5
		or tons 27·8

(D) LATEST IMPORT PRICES FOR PICKS.

GERMAN 24 *S.* per cwt c.i.f. Bombay at Rs. 15 for exchange Rs. 18 per cwt.

	Rs	A.	P.
	18	0	0
Duty *plus* 15 %	2·7		
Landing and clearing	·25		
	20·95 per cwt.		

ENGLISH :—25 *S.* per cwt c.i.f. Bombay Rs. 19·05 per cwt.

	Rs.
	19·5
Duty *plus* 15 %	2·925
Landing and clearing	·25
	22·675 per cwt.

POWRAHS.

GERMAN :—Quotations not available.
ENGLISH :—40*S.* per cwt. c.i.f. Bombay Rs. 30 per cwt.

	Rs
	30
Duty *plus* 15 %	4·5
Landing and clearing	·25
	34·75 per cwt.

MINERS PICKS.

ENGLISH :—45 *S.* per cwt. c.i.f. Bombay Rs. 33·75 per cwt.

	Rs.
	33·75
Duty *plus* 15 %	5·05
Landing and clearing	·25
	38·95 per cwt

(E) PRE-WAR PRICES OF 1913 AND PRICES QUOTED IN NOVEMBER 1923.

The prices are the actual cost landed in warehouse rates Bombay.

These prices are the actual cost landed in warehouse rates Bombay.

ENGLISH MANUFACTURE.

	Per doz.			Per doz.		
	Rs.	A.	P.	Rs.	A.	P.
1913						
6 lb. picks	11	0	0	17	0	0
7 lb. ,,	13	8	0	19	0	0
3 lb. Powrahs	7	8	0	12	8	0
3½ lb. ,,	8	4	0	13	8	0
4 lb. ,,	10	0	0	14	8	0
	Duty 2½%			Duty 15%		

It has been found impossible to get any other reliable figures than those given above.

(F) DEPRECIATION.

Machinery.

	Rs.		Rs.
in Factory Mechanics Shop and Pulverized Coal Plant	14,79,129	@10%	1,47,912
Furnaces, Hoods and Stacks	41,330	@10%	4,133
Small tools and gauges	6,800	@20%	1,360
Electrical Installation	18,831	@10%	1,883
Light Railway	5,167	@ 5%	258
Buildings, Raw materials, Forge shop, Mechanics Shop and Stores	1,92,087	@ 5%	9,604
Buildings for Pulverized Coal	44,211	@ 5%	2,210
Dust Extraction plant	1,126	@2½%	281
Shafting, Hangers and Pulleys	13,410	@10%	1,341
Water Works and Drainage	17,921	@ 5%	896
Quarters.			
Staff quarters	58,000		
Foreman's quarters	17,500		
Workmen's quarters	75,600		
Roads	4,800		
Lighting	2,160		
Bungalow Furniture	10,000		
Office Furniture	3,400		
	1,71,460	@10%	17,146
			1,87,024

(G) IMPORTED ARTICLES USED IN MANUFACTURE.

	Duty. Per cent.
Carborandum Grinding wheels	2½
Belting	15
Electric Lamps and Fittings	15
Lubricating materials	10
Nickel Chrome steel for dies and punches	10

The Carborandum wheels and Nickel Chrome steel are the only articles we impo directly and the total value of these two articles will average about Rs. 12,000 per annu ultimately

(H) COMPARISON OF PRICES OF RAW MATERIALS.

Present quotations.

English.—£0·10 per ton £1·10 per ton for the grade of steel we require £11-0-0 pe ton = Rs. 165.

American.—2·74 cents per lb. in New Work which reduced to a rupee basis = Rs. 212·3 per ton.

Our Agreement is the average of English and American prices and Rs. 7-8 per to

∴ 212·3 2/ 377·3 = 188·65
165·0
377·3

188·65
7·8
196·45

Our June costs 194 10 0
198 4 0
392 14 0

2/ 392 14 0
196 7 0

Rs. 196-7-0 average of all sections.

Difference between English manufacture and our purchasing price for steel is 196·—165 = Rs. 31-7-0 per ton.

As the raw material represents 31 % of the nett cost of manufacture, this point a very serious handicap for our company and coupled with the low steamer freights mak it almost impossible for us to compete.

(I) PROVISIONAL PRICES FOR SUPPLIES OF BARS DURING THE MONTH OF JUNE 1923.

	£ s.	
F.O.B. prices of bats or part of shipment according to Ironmonger dated 2nd June 1923	10 0	
Plus English extras on implements steel .	1 10	
	11 10	
	Rs. A. P.	
At average exchange during the week @ 1*s.* 4⅛*d.*	171 2 9	
	or 171·163	
F.O.B. Pittsburgh price for bats according to the Iron Age dated 7th June 1923 2·55 cent per lb.	57·12	per ton.
Cartage to New York @ $·255 per 100 lb F.O.B.N.Y. price	5·712	
	62·832	
Exchange Rs. 323-8-0 per 100 dollars . .	Rs. 203·261	
Average between American and English price of bars	Rs. 187·212	
Plus 10*s.* per ton or	Rs. 7·441	
	194·653	
Price for 1-⅜" × 1" flats, etc., except 2·⅜" × 1·⅜" bars	Rs. 194-10-0	
Provisional price for 2·⅜" × 1·⅜" flats.		
English price as above	171·163	
F.O.B. Pittsburgh price according to Iron Age dated 7th June 1923	2·55	cents per lb.
Plus American extras	·10	
	2·65	
	59·36	per ton.
Cartage to New York @ $·255 per 100 lbs. .	5·712	
	65·072	
	Rs.	
Exchange at Rs. 323-8-0 per 100 dollars . .	210·508	
Average between American and English prices	190·835	
Plus 10*s.* per ton or	7·441	
	198·276	
Price for 2-⅜" × 1-⅜" flats	198 4 0	

Oral evidence of Mr. T. S. DAWSON, representing the Agricultural Implements Co., Ltd., Bombay, recorded at Bombay on the 23rd November 1923.

President.—In the covering letter with which you forwarded your representation you say "In our representation we have given full details of our production costs, and also other statements showing how we are financially affected, and we ask that those figures should not be published." I should like to point out in the first place that it is extremely difficult to treat the whole representation as confidential because then there is no statement of the case for the public at all.

Mr. Dawson.—Do I understand you to mean that the whole of these figures, which we have given in support of our claim to protection, should be published?

President.—Not necessarily. That is a matter of detail which might be considered, but I do feel that it is exceedingly difficult to proceed on the basis that the whole thing should be treated as confidential.

Mr. Dawson.—The whole thing is not confidential. It is only the actual working cost which we ask should be treated as confidential.

President.—There are a good many references in the written statement to the detailed statement of costs.

Mr. Dawson.—If you put me questions on those points, I would be able to say how far I can go. Would that be sufficient?

President.—I am not sure that I fully understand what are the points which, you are anxious, should be treated as confidential.

Mr. Dawson.—Take, for instance, the Statement B which gives details about our overhead charges on our present output as well as on our full output. It shows the reductions in the overhead charges which would be effected if our production increased.

President.—As regards that, for ourselves we would be glad to have details, but I don't think that it would be at all necessary to publish the full details. Only some items are important and as regards others a summary of them would to a large extent serve the purpose.

Mr. Dawson.—Do you mean a summary of the figures as a whole instead of the figures being given in detail?

President.—Take the interest on working capital—that is regarded as an important item—and the amount of working capital required; the total production and the value per ton. There is no secret about all these?

Mr. Dawson.—No.

President.—Would you please send us later for publication a substitute for Statement B which would not go into details?

Mr. Dawson.—I would certainly be pleased to do so. If possible after discussion with our Directors we might give you the whole of the figures.* We have no desire to keep anything under cover. It is necessary that you should know the full facts of the case. There was no idea of trying to withhold anything. If the President would be satisfied with a summary until I got the sanction of my Directors to give you the whole of our figures for publication. I would be glad to send that in. I think that there will be no difficulty about getting the sanction of my Directors for publication.

President.—I am very glad to hear that. It makes it a great deal easier for us.

Mr. Dawson.—I think that you can take it from me that they will give permission.

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*Original Appendix B of Statement I has been printed by the Company's permission.

President.—Then, the first point I want to ask you is the general question of market in India for the products that you manufacture. You have given us figures in Statement A from the Trade Returns.

Mr. Dawson.—That is from the "Sea-borne trade of British India."

President.—The average figure you arrive at for three years is 4,857 tons; your capacity for production is about 4,000 tons, so that you will be able to supply 80 per cent. of the whole demand.

Mr. Dawson.—That 4,000 tons capacity is as at present equipped. By rearrangement and addition of a few other items, the increased production might possibly reach the other figure in the near future. I will cite one instance. We have not succeeded in getting the production from power hammers but with the addition of three or four hammers, we would be able to increase our production. It would not at all be a difficult matter.

President.—That however is not the aspect of the case to which I would draw attention; rather it is the converse. Assuming that before these works were started the Indian consumption of picks, *powrahs*, etc., was provided entirely by imports, do you think that it is possible to supply from one single centre at Jamshedpur anything like the whole country?

Mr. Dawson.—I don't see any reason why that result should not be achieved with the proper organisation and the establishment of agents in different parts of the country.

President.—The railway freight would become exceedingly heavy when you are sending goods from one centre right up to the Punjab and down to Madras.

Mr. Dawson.—In the case of Madras it would not become so heavy. It is already one of our distributing centres.

President.—But surely the goods have to be transported from the place of manufacture to the distributing centre?

Mr. Dawson.—Can we say this? Our biggest distributing centre at present is Calcutta; second comes Bombay and then Karachi and Madras. Some of our output is going to Calicut, so that there are distributing centres from which railway freights have to be paid and if we hold stocks in those places, we would be in a position to compete with the importers.

President.—It is not a question of holding stocks in a place like Bombay or Madras, but the point is, supposing protection is needed even in the Calcutta market, which is the nearest place to you, in more distant markets in view of the high railway freight, you would require higher protection.

Mr. Dawson.—If I understood your question correctly, it means that you suggest differentiation in protection.

President.—My point is hardly that. It was rather this: whether the market for the production of your works at Jamshedpur is not something a good deal smaller than the total consumption of India.

Mr. Dawson.—Our experience has not been so. We have been able to sell in large quantities. We have sent our goods to Rawalpindi, the United Provinces, the Central Provinces, Madras and Mysore. We have not done further south. On the west coast we have made considerable sales in Calicut. Our experience shows that we can compete successfully. In that respect Bombay is the worst—where we find the greatest difficulty in competing with imported articles.

President.—It is the distributing centre for the imported stuff.

Mr. Dawson.—That is on account of freight more than anything else.

President.—When it is landed here straight from the ship it has naturally the advantage, but when it has got to go upcountry, it has got to pay the railway freight.

Mr. Dawson.—We are on the same footing.

President.—But then another point arises in that connection. Is it correct to assume that the Indian consumption is entirely supplied from imports? How far are these articles made locally by village blacksmiths?

Mr. Dawson.—A good deal of very, very rough stuff is made in Cawnpore—with which we would never compete and there would be still a demand which would remain undisturbed for that kind of stuff. It is a type which no factory can try to do. This is not always sold for cash but in return for rice and foodstuff. In fact there are instances where the cultivator would buy his own material in the bazar, take it to the village blacksmith, who would knock it into shape and give him so much either in cash or kind for the work which is done on the stuff. So, there would be no competition, nor would that work be disturbed in any degree.

President.—So it is only with the imported article you would compete?

Mr. Dawson.—It is only with the imported article that we intend to compete.

President.—To what extent is the imported article used by the ordinary cultivator at present? Are many of them rich enough to be able to afford it?

Mr. Dawson.—I think that more than 95 per cent. of the class of materials which we are making, and which we propose to make, is imported at the present moment.

President.—That was not the point I put to you. The question is: to what extent is the ordinary cultivator able to purchase the imported material or your stuff?

Mr. Dawson.—I think that there is no doubt about that because the demand exists and unless the ordinary cultivator is able to purchase our stuff, the demand would cease.

President.—A certain number of people are buying, there is no doubt about that. It is obvious from the trade returns. What I was trying to get at is whether you have any information as to the percentage of the Indian cultivating class.

Mr. Dawson.—I have no information on that.

President.—If the total imports are something like 5,000 tons a year, it is not such a very large number for a population of 300 millions.

Mr. Dawson.—It amounts to 2,500,000 pieces.

President.—Make it 3,000,000 and it comes to one article for every hundred people in the whole country. What I was really getting at is that, if a very considerable proportion of the cultivating classes at present still use for agricultural purposes the rude instruments made by village blacksmiths, at any rate, there is a potential market which would gradually grow with the increasing output of agricultural implements in India.

Mr. Dawson.—I think that is pretty certain.

President.—That is a point which I think is important in this connection. Then take the case of pick-axes, for instance. Do you get any demand from coal mines?

Mr. Dawson.—A very considerable demand.*

President.—Apart from the ordinary demand of cultivators, who are your principal customers?

Mr. Dawson.—Railways, P. W. D., Municipalities, Military Works and big contractors upcountry.

President.—Could you give us any idea of the probable demand from these sources?

Mr. Dawson.—I can tell you on looking up particulars. I am afraid I cannot give you any figures satisfactory to you or to myself at the moment.

President.—If you find you have any figures which will be of help we shall be glad to have them.

Mr. Dawson.—On the authority of the Chief Engineer, P. W. D., their demand for ordinary times is about 180,000 *powrahs* a year. One quite small district recently in making up its famine stock required 28,000 picks. So there is a big demand for famine reserve in the country in addition to the ordinary demand. I shall get these figures if you want them.†

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* Statement IV (1).

† Statement IV (2).

President.—Any figures of that kind which you think will be useful to us I shall be very glad to have.

Mr. Dawson.—I shall get them as far as I can.

President.—The next point I would draw your attention to is paragraph 4. In your representation you say "But as steel is the raw material of all our products, any increase in the duty and any consequent increase in the price must affect us very seriously unless a corresponding increased protection is given to the manufactured article." Similarly in reply to the questionnaire you say "We consider that the increase of duty on imported steel from 10 per cent. to 33⅓ per cent. would affect our operations to a considerable extent, without a similar increase on manufactured steel implements is imposed." Under your contract with Tatas' would the increase in duty affect you at all in the next 5 years?

Mr. Dawson.—Not for the next 3½ years.

President.—When will you complete it?

Mr. Dawson.—Three and a half years from now the first five years contract will be completed.

President.—And the next five years after that?

Mr. Dawson.—We have to pay half the tariff duty *plus* railway charges from Bombay to Tatanagar.

President.—After all, it is only a question of duty. You would only be affected by half the duty.

Mr. Dawson.—*Plus* railway charges and landing and other charges. I gave you these particulars because they do not appear in the first part of our agreement.

President.—I quite understand that. We have got these in the printed statement furnished by Tatas'. So that for the next three years the question of consequential protection does not arise, and for the next five years after that it will only be to the extent of half the duty?

Mr. Dawson.—Yes. 16⅔ per cent. if the duty is 33⅓ per cent.

President.—You lay stress on the fact that in manufacturing implements you have the advantage of a steady source of supply at your doors which will ensure the quality of steel you want and, at any rate for the first ten years, you have some advantage as regards price of materials, that is to say, you will be able to buy your steel on favourable terms.

Mr. Dawson.—The American price is exceedingly high when compared with the English standard price at the present moment. I have got these prices and will be glad to give them to you. The price of steel such as we require for our work at the present moment, f. o. r. New York, is Rs. 213 while the same steel used by the British manufacturer is Rs. 163 a ton; so that the price comes to about 25 per cent. higher. Taking the mean of the two figures, the difference would work out to Rs. 30-8-0 per ton.

President.—If you are adding in the extra 10s. you pay, that would mean about that.

Mr. Dawson.—Yes.

President.—So that at the present time your raw material costs you to that extent more than the raw material of the British manufacturer.

Mr. Dawson.—Yes, I can give you the figures on which we have been paying for steel.*

President.—Perhaps the best thing would be if you would put in those figures for two or three months just to see how it works out and bring out this point that, owing to the American price being much higher than the English price, your steel costs you more than it costs the British manufacturer.

Mr. Dawson.—There is another point with regard to that which I should like to lay stress upon. The British manufacturer has got several sources from which he gets his supply and at better competitive prices. Some firms can roll cheaply and will be prepared to take the order at rather less than the market rates. We are not in that position and are not likely to be so.

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* Statement III (H).

President.—Surely not so long as your contract exists and we cannot say what will happen after that expires. From every point of view you are getting steel a good deal cheaper than if you had to import it.

Mr. Dawson.—At the present English rate we could import more cheaply.

President.—Including the railway freight to Jamshedpur?

Mr. Dawson.—There is this point we have to consider that we shall have to pay on our waste. We have to pay carriage on it and there is no means in this country of selling waste except as scrap. So that we should pay freight and carriage on the material which we can only sell at Rs. 35, but so far as the actual bars are concerned they are cheaper.

President.—Assuming that the actual cost of the imported steel *plus* freight to Jamshedpur was less than the price you had to pay to Tatas' it does not matter where the waste comes from. You make the same waste wherever the steel comes from. The waste only comes later.

Mr. Dawson.—We do not pay freight or carriage on that waste: nor do we pay duty on it.

President.—Taking a hypothetical figure, you have to pay Rs. 190 to Tatas' and you can land it for Rs. 185 if you actually import it. It makes no difference as regards the question of waste for what purpose you paid the money.

Mr. Dawson.—We quite see your point.

President.—You think that really just at the present time, at any rate, there may be no advantage in point of price in buying your steel under contract from Tatas'? I am asking you only with reference to price.

Mr. Dawson.—As regards the price in relation to the British market, I do not think there is much advantage if any.

President.—On page 4 of the written statement, paragraph 8, clause (c), you say "Possibly dumping by competitors who do not depend entirely on the Indian market for their sales, and who have in addition competitive sources of supply with the consequent lower prices for raw materials." That is what you have already told us practically that the British manufacturer may be able to get it still at a price rather below the market quotation, as there are several companies who manufacture the kind of steel required.

Mr. Dawson.—I think that is certain.

President.—I wanted to make sure about it. Then coming to the question of scrap, do you sell your scrap to Tatas' or do you sell it otherwise?

Mr. Dawson.—We have sold to one or two other people in the neighbourhood for mixing with cast iron: otherwise we sell to Tatas'. There is no use sending it to Calcutta because the cost of freight is prohibitive.

President.—The price you mention is Rs. 35 a ton. That is the average?

Mr. Dawson.—That is the highest price we have been able to get from any one. My Works Manager tells me that Tatas' are offering only Rs. 25 a ton while we can sell at Rs. 35 elsewhere.*

President.—That corresponds with what we were told at Jamshedpur. You have given the price of the imported article at page 6 at Rs. 710 a ton.

Mr. Dawson.—That figure has now to be modified.

President.—It is on that point we wanted to ask you about the date when it was imported at that price.

Mr. Dawson.—That figure I got from invoices of June 1923 in which the rate charged was at 31*s*. a cwt. c. i. f. Calcutta. The same firm has quoted for the same article 26*s*. which means a drop of 5*s*. a cwt. without any corresponding fall in the price of the raw material. That figure which was given was based on quotations which do not hold good to-day. German goods are quoted in the Bombay market for 24*s*. c. i. f.

President.—That is about 26*s*. including duty?

Mr. Dawson.—15 per cent. is the duty on hardware.

Mr. Ginwala.—Are not agricultural implements free of duty?

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* See Statement IV (3) for the English prices of scrap.

Mr. Dawson.—They come under hardware—certain classes of hardware. What you suggest is for pure agricultural implements, but these pay 15 per cent. duty.

President.—But the actual selling price, after paying duty and landing charges, would come to about 28*s.* on the German articles on that basis. Are these figures you have given us c. i. f. prices?

Mr. Dawson.—Yes, c. i. f. Calcutta. But 2½ per cent. Agent's commission is calculated in that price.

President.—But not landing charges and duty?

Mr. Dawson.—It is simply c. i. f. landed at Calcutta and landing charges, dock charges and duty should be added to these figures.

President.—The figure given was 31*s.* a cwt.

Mr. Dawson.—That was in June, and yesterday's quotation was 26*s.*

President.—As a matter of fact, on that basis the selling price would come to a little higher than Rs. 710.

Mr. Dawson.—The sale price on the average comes to Rs. 600 a ton.

President.—Will you tell us the selling price per ton to-day?

Mr. Dawson.—The German rate, which is the lowest and one which you have got to consider, is Rs. 520 a ton and the English price would be Rs. 580 a ton for picks.

President.—Are you working that out from the c. i. f. prices or is that figure actually quoted?

Mr. Dawson.—These are based on c. i. f. prices.

President.—Have you any information as to the price at which dealers are actually selling at Calcutta and Bombay?

Mr. Dawson.—Yes. We have. We could give you the figures if you want them.* Taking one example, which I have at the present moment, the 71 lbs. pick, the English price landed for that is Rs. 19 a dozen and that is being sold in Calcutta at Rs. 21 a dozen and it is sold in the Bombay market to-day at wholesale rates of Rs. 19 a dozen.

President.—That is for the British article?

Mr. Dawson.—I have no figures as to the retail rates at which German articles are being sold at Bombay. I only got these German figures by cable yesterday.

President.—Has there been any increase in the import of the Continental article in the Trade Returns of the last few months so far as you have noticed?

Mr. Dawson.—There has been no increase, so far as I was able to find out.

President.—Do you apprehend that this import from Germany of which you have just heard is due to the release of the Ruhr stocks?

Mr. Dawson.—I do not think there is any reason to doubt that. I visited the Ruhr valley in 1921 myself. I heard there were enormous stocks of hardware of this class, and that there were very large stocks of all kinds of manufactured steel lying there ready for shipment. That was in March 1921 when I was there.

President.—It is possible that this figure that has been quoted may represent an invasion of that kind.

Mr. Dawson.—And it is possibly due to the low freight that they are paying to-day from Antwerp to Bombay which is 18*s.* a ton and the freight from England to-day is 30*s.* a ton for hardware of this kind.

President.—On the basis of the change in prices since your representation was drawn up, does that affect the request you make to the Board—the proposal you put before them?

Mr. Dawson.—It shows that our position is worse than it was when the report was sent to you.

President.—Do you consider that the new level of prices is likely to continue for sometime to come?

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* Statement III (D),

Mr. Dawson.—I am afraid I cannot answer. I can only suggest that it is likely to continue for some time.

President.—Have you any information as to the pre-war price of similar articles?

Mr. Dawson.—The pre-war prices were lower than anything that is quoted to-day.

President.—How much lower?

Mr. Dawson.—I cannot tell you from memory.

President.—One may anticipate that in the course of two or three years prices will go down to a level of some kind in which they will bear the same relation to each other as they bore before the war, and if one found that whereas the general level of price was Rs. 150 as compared to Rs. 100 pre-war, but in the case of a particular article it was 120, unless there was some special reason for reduction in that case, one would expect that it would not stay down at that level indefinitely.

Mr. Dawson.—All this price depends on the cost of your raw material which works out to 60 per cent. of your net cost.

President.—You are not in a position to tell us what the pre-war prices were?

Mr. Dawson.—If you desire I shall find them out. It is possible to get them from the Customs returns.

President.—Of course we can look it up ourselves from the pre-war Customs returns.

Mr. Mather.—How would you get it from the Customs returns?

Mr. Dawson.—You have got the quantities and the valuation.

Mr. Mather.—But quantities are not given, only the valuation.

Mr. Dawson.—Would it not be possible to get the quantities?

President.—You will certainly not have the quantities in the Customs returns in pre-war years.

Mr. Dawson.—You have got it on the cases. The tonnage is marked on every case that comes through. I think they follow the same procedure as in the invoice I have here in which is marked quantity, price and everything.

President.—The Customs authorities cannot produce an invoice of 1912 or 1913.

Mr. Dawson.—Would it be of use if I got the bazaar prices? That would be easy to get.

President.—It would be distinctly useful if you could give us some idea how the new level of prices has risen now and how it compares with pre-war.

Mr. Dawson.—I do not think there is much difference. I think all the invoices come with this information marked on them, but if the Customs people do not keep them it is no use. My Works Manager tells me that, so far as the American prices of these things are concerned, they are approximately on the pre-war level.

President.—The point here is as regards the prices in India.

Mr. Dawson.—That I will get.*

President.—Then you say on page 7 clause (*e*) "The utilisation of waste is so obvious that it needs no further explanation on our part except to state that we have this aspect in mind." You have got some plan in view by which you hope to get a higher price for your scrap.

Mr. Dawson.—We hope to utilize the scrap by making small agricultural tools like sickles, pruning knives, etc., out of the trimmings of the *kodalis*, *powrahs*, etc., that is what we have in mind. We have already made from odds and ends of bars woodmen's axes which we can put very cheaply on the market. We would utilize waste as far as we possibly could. In England scrap of that sort is always sought after and bought up for the manufacture of smaller tools. People come to large factories to buy these odds and ends which are used for making smaller articles, cheap pocket knives, table knives and things of that sort. At present we cannot use the whole of it; we certainly do intend to use it by making implements of that kind.

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* Statement III (E).

President.—Can you give us the price of scrap of this kind in England? The technical papers quote certain prices for steel scraps from week to week: would the prices given in the Iron and Coal Trade Review apply to scrap of that kind?

Mr. Dawson.—It is only for the heavy scrap. In the trade quotations, scraps of this sort are seldom put in.

President.—Would the price of this scrap be higher or lower than the trade quotations?

Mr. Dawson.—It would be higher. It is useful scrap, not scrap in the strictest sense of the word. The scrap which we use is better and it does not have to go through the process of re-melting and will certainly fetch a higher price.

President.—I take it that for furnace purposes it makes no difference that the scrap should be small. At any rate for that purpose they use another kind of scrap?

Mr. Dawson.—Even for scrap for furnace purposes there is always a higher rate. The wastage is less when it is limited to one kind.

President.—In statement C you have given us your cost of production for the Beater picks and *powrahs*. I would just like to ask you at this stage whether this broad statement in detail is a matter that you want to be treated as confidential?

Mr. Dawson.—I have no objection to your using these figures.

President.—After all, there is no one else in India at present to produce these.

Mr. Dawson.—These figures and other statements with regard to the overhead charges, I don't think there is any objection to your using these, but statement B, I think that is giving away too much.

President.—You can substitute for it a statement which does not go into so much details. You say "The examples given are of the heavieest articles we are yet putting on the market." Then would the price of smaller articles be to some extent less?

Mr. Dawson.—They would be higher *pro rata* per pound.

President.—I quite understand that it would be higher the moment you get to the weight basis. You would expect the smaller articles to cost more?

Mr. Dawson.—Those are the kind of articles which I thought fairly representative of the work we have in hand.

President.—These are two examples?

Mr. Dawson.—We have taken the heavier items because we thought it not quite fair to take extreme cases.

President.—Exactly. One or two points about statement B I would like to draw your attention to. You have included under the general heading of overhead charges a good deal of expenditure which in the case of the Tata Co., for instance, would have been shown as works expenses. I can admit that it is not of great importance what name you give to the various things, but for instance advertising, catalogues, travelling charges and so on are not what I think are usually known as overhead charges. I take it that what is in your mind is that they are charges which you cannot say without some process of calculation that in the cost of picks it costs so much for travelling allowance and so on?

Mr. Dawson.—These are charges which have to be borne by the cost of production. You must cover them in some way. It has all got to be provided for in the gross cost.

President.—I was not questioning that at all; it is only just on the question of what is the best way to calculate.

Mr. Dawson.—We have put them in this way for simplicity.

President.—One of the items you mention is selling commission. Is that the commission you pay for your agencies?

Mr. Dawson.—That is so.

President.—Are most of your sales effected through them?

Mr. Dawson.—A fair proportion come direct from the works but most comes through the Agents.

President.—This means that the item is calculated on the assumption that the men would have to be paid on the whole of the outturn?

Mr. Dawson.—Yes, on the whole of the outturn.

President.—But in the case of direct sales would there be any occasion to pay commission to anyone?

Mr. Dawson.—No. In the case of direct sales there is sometimes a reduction of charges. Suppose a man comes direct to the factory, there is no commission charge, but he will be given the same rate as is given to the Agent.

President.—You have taken the figure for working capital required on the full production of 340 tons a month as Rs. 8 lakhs.

Mr. Dawson.—That is so, without considering anything by way of return on our sales.

President.—On what basis is that arrived at? Is that the basis that you are out-of-pocket for so many months?

Mr. Dawson.—Assuming that we had to work for a period of one year on full production, we shall have to provide a sum of Rs. 8 lakhs to keep us going for that one year.

President.—On what basis do you arrive at that?

Mr. Dawson.—That figure is calculated simply to show the difference in overhead charges on both 80 tons a month and 340 tons a month. No consideration has been taken as regards the amount which might be realized by sales.

President.—Surely the need for working capital arises in this way. You have to incur expenses on production but you are not paid for it until some time later. What I am trying to get at is this. You can very often make an estimate before hand that 'on the average you will stand out of your money for three or four months.' Then, if you know your monthly outturn and know what it is going to cost you to produce it, you can ascertain the working capital required. The point I was putting was in the case of this business how many months production would this capital of 8 lakhs cover? If you take your cost of production it cannot obviously be more than Rs. 600 a month. Apparently, as far as I can make out, if you divide Rs. 8 lakhs by 600 it works out to about Rs. 1,330 tons which is about 4 months' production.

Mr. Dawson.—I am afraid I did not quite get your question. You say Rs. 8 lakhs is put down there as working capital?

President.—Yes.

Mr. Dawson.—That Rs. 8 lakhs is put down there as the amount we require to keep the factory going for 12 months on that rate of production excluding anything in the way of sales. It is simply put down in the statement so as to give the relation which the overhead charges bear to 340 tons a month as against 80 tons a month.

President.—But this is the question of working capital. Supposing your production remains the same, the working capital remains constant from year to year. There is no question of its being the working capital required for 12 months.

Mr. Dawson.—This is put down as a sum which we should require to keep us going.

President.—How do you arrive at this particular sum as being the working capital required?

Mr. Dawson.—From the figures we have given here—Rs. 77,834 which are our total charges for producing 340 tons a month.

President.—I am afraid I do not follow that at all. In the first place, arithmetically it does not follow. If that were so it would cost something more, and also I would point out that Rs. 77,834 does not cover your direct works charges as shown in the statement C, and finally, if that is the method by which you arrived at it, it would imply that you were never paid for your products at all until a year after you had produced them. Is it not the natural way to assume working capital required to say "Well on the average it will be 3 months, or 4 months, before I am paid for the expenses I have incurred in producing the thing." It would vary in different industries according to the circumstances of the trade; in some cases it may sell quickly and in some cases there may be stocks and it may take a long time to sell. You have arrived at your figures in Statement B on the basis of expenditure you have actually been incurring in the year?

Mr. Dawson.—The first column are actuals and the second column are figures based on those actual figures.

President.—Your outturn is still about 80 tons a month?

Mr. Dawson.—Thereabouts.

President.—For how long have you been able to keep up that output?

Mr. Dawson.—Four months. We have been putting into stock a very large quantity—about 1¾ lakhs of rupees worth of finished articles at the present moment.

President.—On that basis you got an estimate?

Mr. Dawson.—Yes, that would give us Rs. 8 lakhs.

President.—In statement D, you have shown depreciation on 23 lakhs at 10 per cent. How do you arrive at the rate of 10 per cent.?

Mr. Dawson.—Buildings, electrical instalment, houses for the staff, houses for workmen and the percentage averaged up comes to about 10 per cent. on Rs. 23,00,000.

President.—Are these the income tax rates?

Mr. Dawson.—These are depreciation only. For example, 2½ per cent. on buildings may go up to 12½ on electric machinery.

President.—What I am asking you is are these rates sanctioned by income-tax authorities or other rates?

Mr. Dawson.—They are based on one's experience on the life of a machine and the amount which is required to keep it in operation.

President.—These are not the income-tax rates?

Mr. Dawson.—No.

President.—Can you quote us the average on which these rates are based?

Mr. Dawson.—My own experience is something like 35 to 40 years.

President.—Still after all it is desirable, if possible, if it is considered that a certain rate of depreciation is necessary, to quote the authority for it.

Mr. Dawson.—In this case our machinery is entirely of a special character and its depreciation, I think, can only be estimated by taking rather an extreme value; but what the exact depreciation will be, I should be able to tell you after three years working. It is a special type of machinery and I doubt if they have any even in England. In America they have similar machines running and I have studied the depreciation which they put down for similar machinery and we have followed that.

President.—Which kind of machinery are you speaking of?

Mr. Dawson.—A larger depreciation takes place on our pressing machines for pressing hot steel on account of the heated condition in which they are worked and the speed at which they are worked. We have had already to execute repairs on certain of them and they have not been in operation for even 12 months—and these repairs must come in under the total amount of depreciation.

Mr. Ginwala.—I should like you to give us your cost of production in some form. How many months have you been working fully now?

Mr. Dawson.—You can take the last two months.*

Mr. Ginwala.—I would like it in this form. Take your raw materials that you use and the tonnage and the price that you pay for it. Then you give your figure for labour, by which I mean the producing labour; then you add fuel or power, service charges, which should include the senior staff, and your water and various other things. In this statement B you have given 'junior staff.' Does it mean actual labour?

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* Statement III (A).

Mr Dawson.—This is general superintending staff.

Mr. Ginwala.—That would come under service charges?

Mr. Dawson.—Yes.

Mr. Ginwala.—Then you would, after having added that, separately show the amount of interest you have paid and the depreciation.

Mr. Dawson.—You want that divided up, the actual figures of the last two months?

Mr. Ginwala.—I would like you to take them separately, raw materials, labour, fuel, power and service and office charges. As regards the depreciation of 10 per cent. that may be a rough and ready way of doing it. I would like you to show your plant separately, buildings separately, machinery and other things separately. Of course there are certain kinds of machinery on which you may fairly claim 10 per cent. depreciation where the wear and tear is pretty heavy: you can show them separately and what you would actually claim. There are other kinds of machinery on which depreciation is very much smaller. Buildings and lands you would show separately—on the land there is no depreciation—and bring them into the general account. Then I would like you to tell us as far as possible your realized price for this output or, if you have not sold it, the market price.

Mr. Dawson.—I can give you both.*

Mr. Ginwala.—You will show what you actually manufacture, say, 12 dozen pick axes, 30 dozen of something else and so on, and then the wholesale price or realized price so much.

Mr. Dawson.—We have daily production sheets which I can give you.

Mr. Ginwala.—I want the exact production for two months.† Then you would show the realized or realizable price. That will give us an idea as to whether you are losing. The idea is to make your account on a profit and loss basis for the last two complete months. Take August and September. I take it that you are quite clear as to what we want.

Mr. Dawson.—Quite clear.

Mr. Ginwala.—Do you keep separate costs for your production by which you determine the selling price?

Mr Dawson.—We keep our works production cost, but the selling rate from the beginning has been governed by the rates at which similar articles are imported. If we do not do that, they would not be sold.

Mr. Ginwala.—Then it is all the more necessary that we must know what your costs are?

Mr. Dawson.—Yes.

Mr. Ginwala.—So far as your manufactures go, are there any raw materials besides steel that you use?

Mr. Dawson.—Nothing else but steel right through.

Mr. Ginwala.—You don't require sulphur or anything like it?

Mr. Dawson.—Nothing of that sort. We use grinding wheels. They are imported and duty is paid on them.

Mr. Ginwala.—What is the rate of duty?

Mr. Dawson.—30‡ per cent.

Mr. Ginwala.—Are they a big item?

Mr. Dawson.—A fairly big item. We shall require in the way of about 6 or 7 thousand rupees worth of grinding wheels annually.

Mr. Mather.—Do they not come as parts of machinery?

Mr. Dawson.—Yes, I am afraid that duty is not 30 per cent. I shall send you the correct figure later on.‡

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* Statements III (B) and III (F).

† Statement III (C).

‡ Now 2½ per cent.

Mr. Ginwala.—What I wanted to know was whether there was any other article *used by you for manufacturing your implements* which were liable to duty? Would you mind sending us a statement of these articles showing the average consumption per year of such articles and the rate of duty you pay?

Mr. Dawson.—We will send you that.* The grinding wheels are the only things that we import direct and the others are bought in the country.

Mr. Ginwala.—In your statement B, you have got what you call overhead charges. You are practically doubling your junior staff salaries. Should it be necessary to do that?

Mr. Dawson.—In the case of our full production, we will have to run three shifts of eight hours each. That means supervision for each shift.

Mr. Ginwala.—It seems rather a big amount.

Mr. Dawson.—At the present moment we have not found it possible to reduce it still further. Perhaps we will be able to do it later on.

Mr. Ginwala.—These charges seem to me to be rather high.

Mr. Dawson.—The junior staff form an intelligent type of men who are to do the educational part of the work in training up Indians in various processes.

Mr. Ginwala.—Are they Europeans or Indians?

Mr. Dawson.—Indians are being specially trained. There are two Europeans and two Anglo-Indians. This is skilled supervision and for that we require men who would see that the outturn is coming up to the standard.

Mr Ginwala.—I would like to know whom the senior staff includes?

Mr. Dawson.—It includes three, Mr. Johnson, Mr. Leach and the Master Mechanic at the Works.

Mr. Ginwala.—And the junior staff, I suppose, includes foremen?

Mr. Dawson.—Head foreman and subordinate foremen; it includes clerks, and in fact everything which cannot be put down directly as wages or as senior staff salaries.

Mr. Ginwala.—You have got three very big items which would constitute nearly one third of the total expenditure. Are the Bombay office charges a fixed amount allowed by the Company?

Mr. Dawson.—These are fixed charges which include my salary and my clerical establishment in the Bombay Office

Mr. Ginwala.—But is it necessary in a case like this to have a Bombay Office?

Mr. Dawson.—I am not in a position to answer that question. I think it is Company.

Mr. Ginwala.—You are the Manager in charge, I take it?

Mr. Dawson.—Yes.

Mr. Ginwala.—It is necessary for us to know whether the business which asks for protection is run on economical lines. I would like you to answer the question whether in a case like this it is at all necessary to have a Bombay Office, because your sale in Bombay must be very small on the whole.

Mr. Dawson.—The Company is registered in Bombay and it is a Bombay Company.

Mr. Ginwala.—That is a very slight difficulty.

Mr. Dawson.—The whole sales organisation as well as the campaign is conducted from the Bombay office.

Mr. Ginwala.—Considering that your principal market would be Bengal, it seems rather unusual that you should have all these establishments in Bombay and not in Jamshedpur.

Mr. Dawson.—As the Agents' headquarters are at Bombay, I presume that they would like to have an office under their direct control.

Mr. Ginwala.—That increases the cost to the country, does it not, if you get protection?

Mr. Dawson.—I don't know that I can give you an answer "yes" or "no." It is a question where one can with advantage concentrate, as it were, the financial side of the business with the productive side.

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* Statement III (G).

Mr. Ginwala.—In this case if you look at the import figures of the different provinces and Presidencies, it will be seen that every year practically Bengal is responsible for 9/10th if not more. Therefore your competition is in Bengal and you will have to meet it in Bengal. To that extent, I think, it is better for the business that the whole of the office and the whole of the expenditure should be incurred as near Bengal as possible. That is why in your case it is all the more necessary.

Mr Dawson.—My own personal opinion is that it is probable that expenses might be reduced by that, but I would not like to say at the moment whether the change would result in any saving, and I think that it would also be the same in Calcutta.

Mr. Ginwala.—No, it may make a difference.

In the case of power supplies, you have increased the amount from Rs. 2,000 to Rs. 9,000. Does it mean that establishments would be increased or that more machinery would come into operation?

Mr. Dawson.—It is an increase in the number of machines at work and the period of time during which they would be at work. We are not at present running the whole of our machinery in one shift. If we put the whole of our machinery in operation, then we would require three shifts.

President.—That is the point. The rate of the power expenditure per ton is actually higher with the full production than it is with a quarter of the production.

Mr. Ginwala.—Again Transportation has jumped up six times from 600 to 3,600. It ought to be less in proportion.

Mr. Dawson.—The cost of transportation in each particular instance is going to be increased. At the present moment it is from a siding close to the works. Under the new conditions, that siding will be close to us. We shall have to haul a longer distance than we did in the first instance. As a matter of fact, instead of being three quarters of a mile, it will be three miles.

Mr. Ginwala.—The next big item is Coal Supply. It goes up, but less in proportion.

Mr. Dawson.—It would be less in proportion because the furnace will not be stopped.

Mr. Ginwala.—The next big item is Stores. What are these stores?

Mr. Dawson.—Belting, lead for the metal furnaces for heating and tempering, general electric fittings for the whole works and the general stores of bolts and nuts, oil and grease, etc.

Mr. Ginwala.—You have got Machinery Repairs, another big item.

Mr. Dawson.—That includes labour and the kind of machinery that you require for repairs.

Mr. Ginwala.—I think that these two go together.

Mr Dawson.—Not exactly.

Mr Ginwala.—You have put down the interest on loan as a fixed amount.

Mr. Dawson.—There is a fixed deposit for a certain period on which we pay interest.

Mr Ginwala.—You cannot put that as a permanent charge.

Mr. Dawson.—We would redeem it as soon as we have enough money. At the present moment it is overhead charge and it has got to be recovered.

Mr. Ginwala.—At what rate is the selling commission fixed?

Mr. Dawson.—7½ per cent. on realisations.

Mr. Ginwala.—It seems rather a large amount surely.

Mr. Dawson.—We cannot get any good people to take it up for anything less than that. If the sales increased, they might think of reducing the figure, but nobody will take it up now for anything less than 7½ per cent.

Mr. Ginwala.—In this case, if you had the full output, it would carry away Rs. 2 lakhs a year which would be almost equivalent to the profit on the total capital.

Mr. Dawson.—It is quite possible—in fact on the whole it is certain—that that figure would be very materially reduced if the sales were increased. As the Agent is trying to get the same amount on a small turnover, he requires a greater percentage.

Mr. Ginwala.—I mean that it is a big percentage considering the small capital of the Company.

Mr Dawson.—It is a big percentage at the present moment?

Mr Ginwala.—Ultimately it will become so. At present it is only Rs. 50,000 a year.

Mr. Dawson.—It is calculated at the same rate. I am convinced that I am absolutely safe in assuring you that if the production and sales went up, it would be possible to reduce that percentage and the Agents would be perfectly satisfied.

Mr Ginwala.—Is this selling commission or Agents' commission?

Mr. Dawson.—Agents' commission.

Mr. Ginwala.—But then they would have to give commission to those who sell for them.

Mr. Dawson.—They appoint some sub-agents. We have nothing to do with the commission given to sub-agents

Mr. Ginwala.—Supposing you sold direct from your works, will the Agent be entitled to the commission?

Mr. Dawson.—He is not entitled to the whole. In that case he is entitled to only one half of what he would otherwise have got.

Mr. Ginwala.—Taking the Government sales, are they regarded as sales or orders?

Mr. Dawson.—Most of these are done direct by the office.

Mr. Ginwala.—Your office at Jamshedpur or at Bombay?

Mr. Dawson.—Bombay office.

Mr. Ginwala.—No commission is paid on that?

Mr. Dawson.—No. They would be treated as direct sales from the head office without going into the question of the jurisdiction of the Agent.

Mr. Ginwala.—Is this contract part of the agency contract?

Mr. Dawson.—7½ per cent. forms part and parcel of the contract. It is subject to change at any time on three months' notice.

Mr. Ginwala.—Is there a minimum fixed?

Mr. Dawson.—There is no minimum fixed. We have left that to be an open figure to be modified later after having achieved something respectable in the way of sale.

Mr. Ginwala.—This working capital of Rs. 3 lakhs you have taken on a year's turnover?

Mr. Dawson.—Yes.

Mr. Ginwala.—That is to say, you allow one whole year for the locking up of the capital?

Mr. Dawson.—Yes.

Mr. Ginwala.—It seems rather a long time.

Mr. Dawson.—That is so. I have tried to explain to the President that these figures do not take into consideration any sales realisations. These figures are given to show what would be the overhead charges in the case of 80 tons per month production and in the case of 340 tons per month production, and the amount of capital that would be locked up in each case for a similar period. They are merely proportionate figures. I would like to make it quite clear that that statement is given solely with a view to show how the overhead charges would come down if the production increased.

Mr. Ginwala.—I take it that this is chiefly for stock on hand?

Mr. Dawson.—That does not take into consideration stock on hand.

Mr. Ginwala.—I am talking of the working capital.

Mr. Dawson.—It would enable you to carry on for that period at that rate of production, irrespective of the fact whether any realisations of sales were effected or not in both cases.

Mr. Ginwala.—You don't have to keep large stocks of raw materials?

Mr. Dawson.—No. We usually keep for two or three months. We are required to give the Tata Co. 3 months' notice, but they have been able to give us in less than that period.

Mr. Ginwala.—What are the principal sizes of bars you require?

Mr. Dawson.—2½ × 2⅜.
1½ × 1
4½ × ¾
4½ × ⅝
4 × ⅝.

These are the ordinary standard sizes.

Mr. Ginwala.—How do your present prices compare with the Continental prices?

Mr. Dawson.—I cannot get any Continental prices at the moment.

Mr. Ginwala.—What I want to know is, is there anything in the Continental standard which would prevent you from using the Continental bars?

Mr. Dawson.—These are special sections.

Mr. Ginwala.—Apart from sections: I am talking of the quality of the steel.

Mr. Dawson.—The steel which we require is a high carbon steel. It is specially made and rolled for the particular purpose. It is not a standard article and it is not quoted as a standard article. There is an increase of Rs. 30 a ton for this particular grade of steel over ordinary steel.

Mr. Ginwala.—For the special quality what is the basis price?

Mr. Dawson.—The English basis price is £9 a ton.

Mr. Ginwala.—You say that this special steel contains more carbon. Have you to pay anything extra for that or is that included in the basis price?

Mr. Dawson.—It is not included. It has to be added to Tata's price. It is about £1-10-0 per ton.

Mr. Ginwala.—How much do you pay for sizes?

Mr. Dawson.—In some particular cases a small extra.

Mr. Ginwala.—Do you assess the difference in price between the higher quality of steel and the ordinary one at about thirty shillings?

Mr. Dawson.—Just about that.

Mr. Ginwala.—Another thirty shillings you pay for the sizes?

Mr. Dawson.—No.

Mr. Ginwala.—Apart from that, you just now told me that for the better quality of steel you paid something more.

Mr. Dawson.—Very small percentage, a fraction of a penny per pound.

Mr. Ginwala.—Do I understand you to say that Tatas' specially roll steel for you according to your specifications?

Mr. Dawson.—Yes.

Mr. Ginwala.—You found no difficulty?

Mr. Dawson.—None whatsoever. One could not have got anything better.

Mr. Ginwala.—Are your orders promptly executed?

Mr. Dawson.—They gave us whenever we wanted.

Mr. Ginwala.—You have got to give three months' notice?

Mr. Dawson.—Yes.

Mr. Ginwala.—What is the quantity of your orders?

Mr. Dawson.—Between 100 and 200 tons. They have asked us to give orders for 200 tons but they have executed orders for less without any protest.

Mr. Ginwala.—What is the protection you really want? You have already got 15 per cent. protection and you want another 20 per cent.—do you not?

Mr. Dawson.—Yes.

Mr. Ginwala.—We want to know why you want another 20 per cent protection?

Mr. Dawson.—It will enable us to work up to our full production. We cannot on the basis of our present production produce at prices at which things are sold in the market. There is such a difference in the cost of raw materials.

Mr. Ginwala.—I want to know what you really want, on what you base your claim?

Mr. Dawson.—I cannot exactly give a figure. It must be worked out on a probable reduction of cost.

Mr. Ginwala.—According to the present figures we will take Rs. 24 lakhs. You want to get 35 per cent. on that. That would mean about Rs. 9 lakhs directly to the country. It will cost the country a good deal more because not only it would cost the country Rs. 9 lakhs on what the country imports on these present figures, but it would send up the prices of similar articles which are manufactured in the country. They may be clumsy articles but if a man sees that he has got to pay Rs. 5 of which Rs. 1-8-0 is the duty and another man says "I will sell you the inferior article at Rs. 4." He may buy it, though the other man may have been selling it before at Rs. 3.

Mr. Dawson.—There is that possibility.

Mr. Ginwala.—As to what that possibility is we have no idea at present because we have no means of knowing how much of that indigenous article is manufactured.

Mr. Dawson.—There is nothing manufactured of a reasonable standard indigenously such as that we are manufacturing for public bodies such as municipalities, railways, etc.

Mr. Ginwala.—Do you call these "agricultural implements?" They do not come in anywhere under this description, in the Tariff Schedule.

Mr. Dawson.—The only classification we can get is "agricultural implements" classified in the Customs return.

Mr. Ginwala.—See item 69 in the Customs schedule. Under 'Cutlery, hardware, implements and instruments.' There are the things that come free, and then there are two hardware items, implements other than agricultural, which carry a duty of 15 per cent. I am just trying to point out to you that the figures as given by you do not really mean anything.

Mr. Dawson.—III E. (*a*) 'Agricultural implements—excluding cutlery' is the figure I have taken.

Mr. Ginwala.—But these contain articles that you do not manufacture. None of your implements at present are described as 'agricultural implements.'

Mr. Dawson.—They are classed as "Hardware" (*a*) agricultural implements, and are liable to a duty of 15 per cent.

President.—They would come in the Tariff under "Hardware, iron-mongery and tools, all sorts, not otherwise specified."

Mr. Dawson.—Then, I was told wrongly by the customs authorities here and at Calcutta, that the figure I should take was "Agricultural implements other than cutlery" classed as above.

Mr. Ginwala.—My point is this, that it does not help you either, because you have given the figures of agricultural implements which come free of duty.

Mr. Dawson.—I do not think I am wrong. "Agricultural implements—Hardware—other than cutlery"—classified under that heading in the Customs returns was given to me by the Director of Statistics and the Trade Commissioner.

Mr. Ginwala.—These pickaxes and other things which carry a duty cannot be included in the "agricultural implements", which pay no duty.

Mr. Dawson.—'Agricultural implements—Hardware' is the heading under which they come at the present moment.

Mr. Mather.—There is no entry in the Tariff schedule of "agricultural implements—hardware." Under the main heading "Cutlery, hardware, implements and instruments" there is an item "Hardware, ironmongery and tools, all sorts not otherwise specified."

Mr. Ginwala.—I am afraid you will have to investigate these figures for yourself. There is nothing to show that these pickaxes and shovels that you manufacture are in these figures.

President.—It seems to me clear that the imports under the heading "Agricultural implements" must include in addition to the things that you manufacture all these things which under the tariff are admitted free. That seems absolutely certain.

Mr. Dawson.—None of the things that we manufacture are admitted free. Agricultural machinery is admitted free.

President.—The figures given in the Customs return may possibly include things which you manufacture, but they certainly include things which you do not manufacture and on which no duty is paid.

Mr. Dawson.—Your argument shows that we have over-estimated the quantity required. But that is the only thing that we could possibly get from the Customs people. I spent some time with the Trade Commissioner and the Director of Statistics. The latter said that it was the only figure available covering the type of things that we manufacture.

Mr. Ginwala.—These things that you manufacture do not come in under "Agricultural implements." The inference is that there is a good deal manufactured in the country which it may not include. The position is this: If we put on a tariff on the kind of things that you manufacture, it would be very difficult for us to know what it is going to cost the country because the price of all the articles corresponding to the things that you manufacture will go up.

Mr. Dawson.—If the price of the raw material goes up the price of the article indigenously manufactured will go up.

Mr. Ginwala.—Why should the price of raw material go up?

Mr. Dawson.—If it does go up.

Mr. Ginwala.—My point is this. As the President has pointed out to you on this classification "Agricultural implements" that I read out to you and from which you have taken your figures there is no duty, and therefore it is not mentioned in the returns. The dutiable articles only come in here. Under the other heading all kinds of tools are included and we have no means of finding out whether these tools are the kind of articles that you manufacture or how much of them are the kind of tools that you do not manufacture.

Mr. Dawson.—I was distinctly told by the Director of Statistics and the Trade Commissioner that that was the figure relating to Agricultural implements excluding cutlery and electro-plated ware under Hardware—III (*a*) and that these were the articles that we manufactured and on which we were paying a duty of 15 per cent. In none of the Customs returns do they separate these items at all: they lump them under the same heading.

Mr. Ginwala.—You have got no basis upon which you can find out for yourself what you are competing against?

Mr. Dawson.—I do not know. The figures we had to depend on were those given by the Customs authorities.

Mr. Ginwala.—As I have shown you they are of no help to us.

Mr. Mather.—Have you thought of looking at the British Export Trade returns? The exports to India there may be correctly classified.

Mr. Dawson.—They are classified under Hardware and there is no sub-division and therefore that is not going to help us very much. It is impossible to get separate items either in the Indian or British returns.

Mr. Ginwala.—We really do not know how much it would cost the country on the imported articles: nor can we say how much it would cost on the indigenous articles because the prices upon them will go up.

Mr. Dawson.—Unless there is some means by which Government can give us the total amount imported, these are the only authorities to whom we can apply: we do not know anything more.

Mr. Ginwala.—Please give me the prices of the principal articles that you manufacture: they are half a dozen at present.

Mr. Dawson.—We shall give you that.*

Mr. Ginwala.—As a matter of fact, in order to see whether you have a claim for protection or how you are affected by this foreign competition you have to give us your prices, cost of production in the case of every article that you manufacture, and you will have to give us more or less the precise description of the articles that you manufacture and then you will tell us the price at which similar articles are imported and sold.

Mr. Dawson.—We will give you all these details.

Mr. Ginwala.—In paragraph 2 of your second letter, dated 27th September, you have given us a list of the articles. I take it that these are the articles that you manufacture?

Mr. Dawson.—Yes.

Mr. Ginwala.—Most of these articles are strictly not agricultural implements. They are not used by agriculturists.

Mr. Dawson.—Picks and *powrahs* are used in all agricultural countries: they are used very largely in Madras and Mysore.

Mr. Ginwala.—These other implements are not agricultural implements. It is to your advantage if they are not agricultural implements because there is always an outcry against raising the prices of agricultural implements.

Mr. Dawson.—A pick is an agricultural implement. That is used by agriculturists enormously to break down the earth.

Mr. Ginwala.—Do they use these implements for that purpose: I thought we had not reached that stage yet. The kind of picks that I saw in your works are more intended for mining.

Mr. Dawson.—They are used in addition for mining, road repairs, railway work, all sorts of quarry work and things of that sort.

Mr. Ginwala.—That is just my point. Is it correct to describe your Company as an agricultural implements Company?

Mr. Dawson.—I have nothing to do with the selection or choice of the name.

Mr. Ginwala.—It is unfortunate that you should call your implements agricultural implements whereas on the whole they are not.

Mr. Dawson.—Agricultural tools would be nearer the mark.

Mr. Ginwala.—I do not know what will be nearer the mark but this is far from the mark.

Mr. Dawson.—The Company was formed long before I had anything to do with it. I cannot criticise it very much.

Mr. Ginwala.—What are your principal difficulties at the present moment?

Mr. Dawson.—The difficulty of competition we have to meet with, for instance the low prices existing due to German and British competition—the difficulty of selling against the low rates at which they can at present be imported. That is the only difficulty we have.

Mr. Ginwala.—You call that a temporary difficulty or a permanent one?

Mr. Dawson.—It has been existing now for some months and there has been no change. The prices have dropped, and consistently, for the whole of the year, and in some cases they have gone down very low.

Mr. Ginwala.—Are there any permanent difficulties other than competition from which you are suffering?

Mr. Dawson.—There are none.

Mr. Ginwala.—What about your labour?

Mr. Dawson.—It is extremely good and we have nothing to complain about it.

Mr. Ginwala.—Are you all right as regards fuel?

Mr. Dawson.—Fuel also. We have the most economical means of using fuel.

Mr. Ginwala.—What about raw materials?

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* Statement III (B).

Mr. Dawson.—We are perfectly satisfied under our present contract and, provided there is no change in it, we shall continue to be satisfied.

Mr. Ginwala.—When you send the statements you have promised you will point out to us how much duty you propose on each particular kind of material in rupees.

Mr. Dawson.—Yes. We only want to cover the difference in price.[*]

Mr. Ginwala.—Then of course you will have to add a reasonable sum for your profits. What do you regard as reasonable on your share capital?

Mr. Dawson.—10 per cent.

Mr. Ginwala.—You can show that at the end.

Mr. Dawson.—Yes.

Mr. Kale.—Am I to understand, Mr. Dawson, that you want protection of two kinds, namely, first, you want protection in order to protect yourself when the duty on steel, as it is proposed, is increased?

Mr. Dawson.—Yes.

Mr. Kale.—And secondly, supposing the duty stands where it is to-day even then you want a certain measure of protection?

Mr. Dawson.—Yes.

Mr. Kale.—In that case when the duty is not increased and stands where it is, how much do you want?

Mr. Dawson.—I shall give you definite figures after we have worked out the figures which Mr. Ginwala has asked for.[*]

Mr. Kale.—That amount which you will send us later, how long do you expect it will be necessary?

Mr. Dawson.—It is impossible for me to say, but if protection is granted it should be for a reasonable time subject to modification. If we can work successfully without protection we would certainly not ask for it to be continued, but until that time we shall be justified in asking for its continuance.

Mr. Kale.—Can we console ourselves with the idea that in a few years it would be possible for you to stand on your own legs and compete with the foreign stuff?

Mr. Dawson.—I have no doubt. There must be a time at which people will stop dumping into this country. Dumping is going on now and going on in an enormous degree, not only in this particular thing but in everything else, and things are actually sold in this country to-day at prices at which it is not possible to buy in England.

Mr. Kale.—Does that apply to the articles you manufacture?

Mr. Dawson.—Not directly but I am giving you the position. As they are still importing at 21s. a cwt. delivered for picks for local supply, it rather seems to imply that they are still cheap.

Mr. Kale.—Assuming that conditions are restored to normal and dumping ceases, in that case how long a period approximately will you take to be able to compete with the foreign article,—say 5 years or 10 years?

Mr. Dawson.—If we cannot do it in five years I think we ought to give it up as a bad job.

Mr. Kale.—The country cannot afford to give protection unless it is for a temporary period.

Mr. Dawson.—We have only asked for five years subject to reconsideration after that period.

Mr. Kale.—Mr. Ginwala asked you certain questions about your Bombay office. Is it your view that it is more economical to locate the office in Bombay than at Calcutta or at Jamshedpur? Suppose it was located at Calcutta. There would then be Calcutta expenses instead of Bombay expenses; and Jamshedpur is not a place from which you can carry on negotiations for sales and purchase, and so in the long run it is cheaper to have your head office in Bombay than in Calcutta or Jamshedpur?

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[*] See Statement III (covering letter).

Mr. Dawson.—It is an advantage to have the office in Bombay. The Agents are in Bombay and points which might be settled in a few minutes' conversation will have to be settled by telegram or letter if the office was at Tatanagar or Calcutta, and Calcutta would be more expensive for the location of an office than Bombay. I do not think Tatanagar would be a suitable place for a head office as one would have to travel constantly from Bombay to Tatanagar in order to be in touch with things.

Mr. Kale.—So it would cause you inconvenience and expense?

Mr. Dawson.—It would be extremely inconvenient if you located it in Jamshedpur, and it would also be inconvenient if you located it at Calcutta.

Mr. Kale.—Are we to take it that, when you begin to manufacture to the full capacity of your plant, you will be able to turn out larger quantities of tools and implements such as those used by the common cultivator? To-day you are producing implements which are more used by contractors for repairing roads and for other purposes and less for ordinary operations of cultivation?

Mr. Dawson.—May I give you my view? The Company was started with a definite idea that there was a certain demand for these particular articles which we are doing at the present moment. It was never the idea to continue on these lines. They are ready to take up other articles if there is demand.

Mr. Kale.—The idea was that you ought to encourage agricultural improvement and that is why you started the industry to manufacture things required by the ordinary cultivator?

Mr. Dawson.—I believe that was the idea

Mr. Kale.—My impression was that when the Company was started you found that there was not much demand for these articles and you turned to produce these implements.

Mr. Dawson.—That is the idea exactly. One would start a factory or works with a known demand in the market, but to establish oneself on a standard article of a particular quality requires efficiency and time. We are ready to do things which the country needs.

Mr. Kale.—Have you made any attempt to popularise your implements in the country side?

Mr. Dawson.—We meet any special demand through our Agents and sub-agents. The demand is growing for implements like *powrahs*. We have enquiries coming in from the south of India where these are used to a large extent. We have inquiries also from Madras, Mysore and Travancore in some from or other.

Mr. Kale.—I want to know if the demand for iron ploughs, for instance, is increasing in the country in spite of the backwardness and ignorance of the average cultivator. Will it be possible for you to push on the sale among these people so that your improved and cheaper implements may be available to the poor cultivator?

Mr. Dawson.—We are not making anything like complete ploughs now. These things we propose to take up later on. There is demand for ploughs and other things which we investigated and we propose to meet that demand later.

Mr. Kale.—I want to know whether you contemplate some change in the proportion of the agricultural implements you are turning out, and will turn out more and more the ordinary implements of agriculture?

Mr. Dawson.—The idea is at the present moment as far as possible to make our present position successful. If we can do that we will extend our works—we have got the land and the raw materials—and turn our attention to the manufacture of ploughs and other agricultural implements.

Mr. Kale.—In that case you would be able to justify the name of your Company as The Agricultural Implements Company?

Mr. Dawson.—I thank you for the suggestion.

Mr. Mather.—Can you tell us how, in your arrangement with the Tata Iron and Steel Co. for fixing the price of steel, you ascertain the English and American prices for this particular quality of steel?

Mr. Dawson.—The English and American quotations are taken from the "Iron Age" (American) and the "Ironmonger" (English) and on that the extra charge for this quality of steel, English and American, was added and the average worked out to 30 shillings a ton for that grade of steel.

Mr. Mather.—What form of steel do you take as the basis?

Mr. Dawson.—Ordinary mild steel.

Mr. Mather.—In what form?

Mr. Dawson.—Steel bars.

Mr. Mather.—How is this 30 shillings ascertained?

Mr. Dawson.—This is ascertained by enquiry from manufacturers from England and America. It is based on the additional price for this quality.*

Mr. Mather.—Suppose the difference between ordinary mild steel and your steel fluctuates in London and New York, have you any automatic method of finding it out?

Mr. Dawson.—We have no such method. We scarcely think it is necessary. There is no likelihood of much change taking place.

Mr. Mather.—I am not speaking now of the manufacturing cost, but the market price may fluctuate.

Mr. Dawson.—It may fluctuate on the basis price. I don't know that I have seen it change on extras.

Mr. Mather.—Some extras have changed enormously. I am just wanting to ascertain your method. You mentioned earlier to-day that as a possible advantage of English manufacturers of similar finished goods, they may be able to buy more cheaply than you can take as your basis price. You indicate there that it is possible that an English manufacturer is buying his steel at less than the nominal market rate for that quality of steel. Can't you take advantage of that if that is happening?

Mr. Dawson.—I have explained the reason why we cannot. We are under an agreement with the Tata Co. so long as they are able to supply us.

Mr. Mather.—Can't you get any benefit out of that in fixing the price that you are paying to the Tata Co.?

Mr. Dawson.—The agreement is binding that we shall purchase all our requirements from them.

Mr. Mather.—What I want to know is whether you pay to the Tata Co. a price fixed entirely on market quotations of the steel, or a price fixed on the price of actual transactions?

Mr. Dawson.—We pay according to ordinary market quotations as published in the Iron Age or the Ironmonger.

Mr. Mather.—To that extent when the market is a buyers' market and the selling price is actually below the market quotation you are at a slight disadvantage?

Mr. Dawson.—Yes, but it might be the other way about to the same extent.

Mr. Mather.—You have told us that the c. i. f. prices of the implements that you make have come down considerably from June to the current month.

Mr. Dawson.—Yes.

Mr. Mather.—But there has also been quite a substantial fall in the price of steel in England during that period?

Mr. Dawson.—The figures that I have got recently show that the prices have dropped. Our quotations dropped from Rs. 189 to 184. In June it was 193. There has been no change in the American quotations.

Mr. Mather.—That I think would modify and tone down any changes in the English market?

Mr. Dawson.—Yes.

Mr. Mather.—You think you may not be able to give us any definite idea about the relation between the present price of English implements and the pre-war price: do you consider that they are at any rate very low? The general impression that I got from your representation is that you think that this is very largely due to the attempt on the part of English manufacturers to dump in the Indian market.

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* See Statement III (I).

Mr. Dawson.—That is my information.

Mr. Mather.—Don't you think that at any rate a part of the present low price may be accounted for by the increased efficiency in the manufacture?

Mr. Dawson.—I don't think so. I had the privilege of going through a lot of works in England and I found that it is the one particular line of work where there has been no change from year to year, and there are no up-to-date works as we have got here, but there is one distinct advantage and that is—the skilled labour has been in the trade from generation to generation and is more efficient than what we have here.

Mr. Mather.—I visited in the summer of this year English works making this kind of tool and my own impression was that while there was quite a lot to be desired there were very substantial improvements as regards individual machines, and that it is at any rate possible that they have reduced their working costs considerably. My own feeling is that I should require fairly definite evidence before I would be inclined to put down the whole of the low price to an attempt to dump on the Indian market.

Mr. Dawson.—Take the 6 lb. picks. These picks have been quoted in Bombay at Rs. 15 a dozen, carriage and duty paid on them. Now the raw material costs you 8½ annas, then there are the workmanship, overhead charges, freight and duty, landing charges and everything else: I think it is quite evident that there is dumping and a pretty considerable dumping too.

Mr. Mather.—I won't go so far as to maintain positively that there is no dumping and cannot be any dumping, but I think that there are other possible causes which may account at any rate partly for it. For instance, Mr. Johnson told us when you were considering this difference between pre-war and present price that in the United States as a generalization the price of this kind of tool is practically down to the pre-war level.

Mr. Dawson.—Yes. Their cost of operation has not gone up in much the same way as the English rate, and they can afford to sell cheaply.

Mr. Mather.—The same thing has happened in other countries.

Mr. Dawson.—I don't know in what way you are going to bring down your manufacturing cost unless your raw materials go down to a very great extent—your labour charges will remain the same—it is only the overhead charges and raw material.

Mr. President.—I don't think labour charges have remained constant in England.

Mr. Mather.—On the price of your articles probably you lose as compared with the pre-war price and the price of a number of other articles are lower than one would expect on the face of it. But I don't feel that I can accept it yet that the whole of that, or in some cases a great part of that, is due to dumping.

Mr. Dawson.—Then there is the low freight. You can get the stuff out at 18 shillings a ton from Hamburg. That is a thing that is going to show severely against us. The difference in freight is going to neutralise the duty.

Mr. Mather.—At the end of your reply you told us of the price at which picks are being quoted for sale in England by English manufacturers.

Mr. Dawson.—Yes, 21 shillings a cwt. for picks for sale in England.

Mr. Mather.—There is no indication that that was the special export rate.

Mr. Dawson.—That was an advertisement in the Ironmonger.

Mr. Mather.—That works out to about Rs. 315 a ton. Are larger articles sold at a lower price?

Mr. Dawson.—No. I should take it that this is the bottom price.

Mr. Mather.—I realize that that is not an exhaustive statement of the state of prices in the English market, but so far that price is the only one which you have quoted to us and it hardly supports dumping.

Mr. Dawson.—24 shillings is quoted to-day by the English market. I have only seen that quotation of 21 shillings once.

Mr. Mather.—So far as that individual figure is concerned, it does not support dumping. We have been discussing this tariff schedule question and it is fairly clear that a certain amount of improvement should be possible about the meanings of some of these items. Suppose the Board accede to your request and decide to recommend some increase in the duty on the articles that you make, will you tell the Board exactly how they ought to be described for the purpose of the schedule so that it may not cause any confusion? You may put it in writing and send it to us.

Mr. Dawson.—It is an important point. At the present moment I cannot see any other definition than that put by the Customs authorities.

Mr. Mather.—They come in at present on the tariff schedule as "All other tools not otherwise specified." If the Board do make any recommendation in favour of your articles, it will obviously be necessary for them to specify your tools and presumably to omit the others.

Mr. Dawson.—It will also be necessary for us to get what proportion of tools imported are included in that statement.

Mr. Mather.—I simply want you to help the Board with a definition suitable for inclusion in the schedule of the articles for which you want protection.

Mr. Dawson.—That can be done very easily.*

Mr. Mather.—You can let us have that in writing.

There is just one other question. The statement that you have put in makes it very clear that your total cost will go down as your output increases.

Mr. Dawson.—Yes.

Mr. Mather.—Can you give us an idea as to how your output has been increasing during the last 6 months?

Mr. Dawson.—For the last 6 months there has been a slight decrease in our production.

Mr. Mather.—Are the indications more favourable now?

Mr. Dawson.—Yes, during the last month it has been very much more favourable and we have a stock large enough to meet ordinary demand. We desire to build up a stock big enough to meet ordinary demands quickly and get over the delays on the railway.

Mr. Mather.—The indications are that your output is increasing?

Mr. Dawson.—Yes.

Mr. Mather.—And your sales too?

Mr. Dawson.—The sales are increasing more and more. The enquiries we have now are increasing very rapidly.

President—From what date did you begin to manufacture?

Mr. Dawson.—Second of January this year: then for a period of four months we were held up for changes of machinery.

President.—You did not manufacture before that?

Mr. Dawson.—No.

President.—Did you draw your first supply of raw steel from the Tata Iron and Steel Co. at about that time?

Mr. Dawson.—September of the year previous; then we were experimenting for three months.

President.—Does not your contract with the Tata Co. run from the date of first supply?

Mr. Dawson.—We had a small consignment from them early in the year for experimental purposes. Roughly speaking we have run nearly two years of the contract.

President.—The other point I wanted to ask about is as to how you got the c. i. f. price of 31 shillings a cwt.: how you got from that to the selling price in India of Rs. 710 a ton?

Mr. Dawson.—To that is added 15 per cent. duty.

President.—In the first place 31 shillings a cwt.—what article is that?

Mr. Dawson.—Picks.

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* Statement IV (4).

President.—It is perhaps simpler to convert it into ton straightaway which comes to 620 shillings a ton, which is equal to Rs. 465.

Mr. Dawson.—Yes.

President.—A duty on that of 15 per cent. is about Rs. 70 which brings the total to Rs. 535.

Mr. Dawson.—Yes.

President.—Then you have got to add the landing charges, say, Rs. 8 to 10 a ton. That brings it to Rs. 543.

Mr. Dawson.—That is for picks alone.

President.—But the picks cannot form a very large proportion of your production.

Mr. Dawson.—We make things which are much more expensive than picks. *Powrahs per ton work out at a much higher rate.*

President.—Picks and *powrahs* between them cover a very large amount of your production?

Mr. Dawson.—Yes.

President.—On the basis of the figure you have given us, assuming for instance that the c. i. f. prices of picks vary from 31 to 24, it is very difficult for us to work from that as to what it would mean assuming a general fall to the same extent all round; to what exent would the selling price in India be reduced?

Mr. Dawson.—I can give you that figure.*

President.—Since your representation was drafted some time ago, I think it is very important that you should give all the information you can as to the selling price in India to-day. After all, these are the data we shall have to go upon when we make up our minds as to how far these prices are likely to continue. And if you can just let us see the calculation by which you get the c. i. f. price and the selling price, that will help us.

Mr. Dawson.—Do you mean the wholesale selling price?

President.—Supposing you have got the c. i. f. price for picks and *powrahs* and two or three other things, then just show us how on that basis you worked out an average selling price for the lot on the basis of the various qualities separately. You have got to average your cost of production to a large extent.

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* Statement IV (5).

No. 14.

Messrs. Kirloskar Bros., Limited.

WRITTEN.

Statement I.—Original representation submitted by Messrs. Kirloskar Brothers, Ltd., to the Tariff Board, dated November 16th, 1923.

The Industrial Commission which had been appointed by the Government of India to report regarding the Possibilities of the Industrial Growth in India have clearly stated in their conclusion as under:—

"The industrial system is unevenly and in most cases inadequately developed; and the capitalists of the country, with a few notable exceptions, have till now left to other nations the work and the profit of manufacturing her valuable raw materials, or have allowed them to remain unutilised. A powerful well-directed stimulus is needed to start the economic development of India along the path of progress. Such a stimulus can only be supplied by an organised system of technical, financial and administrative assistance".

The recommendation of the committee suffer from a lack of completeness inasmuch as the commission was not authorised to express its opinion on fiscal matters but the Fiscal Commission appointed at the end of the year 1921 proposed that a Tariff Board should be appointed to look into the state of Industries in India. The appointment of the Board has therefore afforded to the public of India an opportunity to state their case completely and lay their difficulties before them.

The first question placed before the Tariff Board has been the examination of the Steel Industry and accordingly the pioneer and the largest steel industry in India have stated their case before the Board and have asked for 33·1/3 per cent., duty on all imported steel.

We have now been asked by the Tariff Board whether by the imposition of this duty, our concern which requires a large quantity of iron and steel for the manufacture of improved agricultural implements would be adversely affected.

Every one knows that Agriculture is the largest and most important industry of India and also realizes at the same time that it is in a very undeveloped state. The ignorance and poverty of the average cultivator have very much to do with this case but it is also quite obvious that the present Indian cultivator is handicapped to a great extent owing to the crude and inefficient type of implements with which he is compelled to carry on the work and which prevents him from raising his full share of yield from the land. The old wooden plow which has been handed down from father to son without any change for generations has served its term too long. Its use in the present days of high cost means a great drawback to the farmer in improving his economic condition, since a great deal of his labour time and money is wasted through the inefficiency of his implement. The land itself fails to reward his efforts, as the wooden plow is unable to bring the potential fertility of the land into action and crops are seldom able to thrive.

The Government Agricultural Department have too well understood the loss which India has been suffering from the use of out-of-date implements and has been directing its efforts for several years to popularize the improved type of implements.

Those who have watched the events and the need of our country's farmers cannot fail to appreciate the service rendered to the country by our concern in providing suitable type of improved iron plows, cane mills, fodder cutters, etc., at a price within reach of everybody. The Kirloskar implements are now used by nearly 1,00,000 farmers and they are coming into much wider use every year.

Although the advantages of improved implements are now generally acknowledged and they are growing in favour with the farmers still the question of their price is a big restraint on their coming into universal use. The wooden implements cost very little as compared to the improved iron make and the poor financial state of the cultivator hinders him often in purchasing the modern things.

Such being the case any rise in the cost of steel which is likely to take place with the increase of import duty on this material, will not fail to affect the prices of our implements. Naturally their further introduction is likely to be impeded to the disadvantage of the farmers as well as our own industry.

In spite of our above statement, it should be noted that we shall highly appreciate any stimulus given to home industries and we shall not mind even if the Tata's are given the necessary protection they want for holding their own against the Foreign competition. For it may well be noted here that all industries that depend for their raw material on foreign countries come into serious trouble when the European markets from which our steel is imported, ceases to send their goods and such contingencies arise in time of War and other troubles. Moreover, if the present cutthroat competition by the foreign market is allowed to go on, the only concern which produces steel will soon have to go out of business and when once the home industries are killed the foreigners being the only persons in the field and thus enjoying a monopoly may increase their prices at any time and even strangle other industries that require, steel as their raw material and thus we will only be bringing our own ruin by our own hands. But if the Tatas are protected, the protection should not be one sided but all round that is to say that all industries that require iron and steel as their raw material should also be protected. What at present happens is this. The duty on imported raw material, *i.e.*, iron and steel is very high and the finished agricultural implements are allowed to enter Indian market without practically any duty. In this way they are able to compete with us while we have got to pay high duties on our raw material and in this way a sort of protection to foreign Agricultural implements is indirectly given. Therefore we wish that all implements which are produced in India, if imported into the country should be taxed to the extent to which iron and steel will be protected.

We therefore ask for protection to the extent of 20 per cent. It need hardly be stated here that inasmuch as more than 81 per cent. of the population depends upon agriculture, it is quite essential that the means to raise crops in abundance should also be in vast use. At present more than 1,00,000 of our ploughs are in use and it is our desire that every farmer should at least have one of our plows. If we have to achieve this object, we shall have to resort to mass production, we shall have also to be backed up by a large capital and steps should be taken to keep away the foreigner from effectively competing with us.

At present our industry employs more than 600 people in the factory and with the new proposal to increase capital of the Company from Rs. 12,00,000 to Rs. one crore, the number of our employees will at least increase seven times, *i.e.*, if our industry flourishes, we shall be giving employment to more than 3,000 people.

If the Board thinks that 20 per cent. duty is too high on foreign agricultural implements, facilities should be given to us in one or two of the following ways.

At present Railway charges are too high so much so that the freight charges from Tatanagar to Kirloskarvadi are Rs. 67-8-0 whereas freight from Antwerp to Bombay for one ton of Iron is only fourteen shillings six pence. Moreover, we have got to pay very high freight charges on coal, coke, pig iron, wrought iron scraps, sand, wood and steel and other materials, it is therefore quite essential that freight charges be reduced as also implements from our factory or similar Indian Agricultural Factories should be carried from our factory to the farmer at very cheap rates. The Railways should give every facilities to all Indian concerns and the invidious rule such as to carry only a limited amount of goods from our stations should a once be done away with. Moreover, the Railway Companies bring unnece sary impediments in the quick working of factories. Only recently whe our company had a correspondence with the Railway Company to give u a siding, the proposal was thrown overboard by the Agent on very flims grounds. We may mention for the information of the Board that th Railway Company has given a siding to the Bellapur Syndicate though the have not started their business as yet.

In fine, the whole of our argument can be summed up as under:—

(1) Steel is one of the chief requisite material in the manufacture o improved implements. If we let our steel industry go out o existence, the manufacture of improved implements, which mea so much to the development of our agriculture will have t depend on outside countries, which will have to be reckoned a an immense economic loss to the whole country.

(2) By having to depend on foreign countries for our important raw material, implement manufacture in this country will not gai sufficient solidity. As an evidence, we might state that durin the War when the supplies of imported steel became very scarce our factory was almost faced with extinction from steel famin and we had to pull ourselves out with utmost difficulty.

(3) Another far reaching effect of wholesale importation of steel will be to make our agricultural industry or the very existence of the nation dependent on others.

(4) A special concession in freight rate on raw materials required fo our manufacture such as pig iron, scrap iron, steel and wrought iron, coal, coke, sand should be allowed.

(5) Implements must be allowed to go from the factory to the farmer at special concession freight rate.

(6) The policy of the Department of Agriculture should be distinctly to introduce and recommend the use of improved implements made in India. The department should stop boosting foreign implements

(7) Preference in supplies of wagons in bringing coke and coal from the collieries be given to us.

The proportion of iron to the finished product is 1: 1¼ (from price point of view) in our implements which are mainly used by the Agriculturists and all our product find market in India.

We have as yet not sent any of our implements out of India but we feel confident that with the necessary railway facilities our products will find market not only all over India but also out of India such as Africa, Java, Siam and other places.

This we can say with confidence because many inquiries from other countries are made but owing to the enormous freight charges, the customers refuse to purchase our implements. This is not only the case for other countries but also for India itself.

We therefore think that inasmuch as at present the farming is being done on crude methods, it is quite essential that in order to improve the present method of agriculture, in every farm there must be an improved implement to increase the wealth from this Industry.

We are herewith attaching a statistics showing the growth of our industry during the last ten years and the Board will also see that by continuously reducing the prices of our implements we have been able to effect greater sales.

Lastly we have to request the members of the Tariff Board to make it convenient to pay a visit to our factory and see our concern personally. The visit will afford the members of the Board to see the concern and its development and the lines on which we are working.

If the Board deems it necessary to invite us for oral evidence, the same will be given by our Chief Manager Mr. L. K. Kirloskar assisted by two of his assistants jointly.

A statement showing the sales, wages and workmen employed in the Factory since 1913-14 to date.

Total Sales.	Wages.	Workmen.	Year.
39,530 5 9	19,900 14 9	100	1913-14
82,208 14 7	23,409 1 6	...	1914-15
1,46,467 11 3	27,031 15 3	...	1915-16
1,83,146 5 3	31,669 6 3	...	1916-17
3,32,722 15 3	38,721 2 6	160	1917-18
95,396 9 9	36,441 10 3	165	1918-19
4,07,885 4 9	39,298 8 6	251	1919-20
2,41,656 12 0	79,789 0 0	311	1920-21
6,27,770 1 6	80,011 1 6	321	1921-22
7,10,463 3 9	97,989 15 6	420	1922-23

Statement II.—Showing Sale of Kirloskar Ploughs from 1910 to 1922.

Year.	Number Sold.	REMARKS.
1910-11	450	Keen Foreign Competition.
1911-12	625	
1912-13	675	
1913-14	1900	
1914-15	1650	European War.
1915-16	4050	
1916-17	3650	
1917-18	6050	
1918-19	550	Famine.
1919-20	5250	
1920-21	2225	
1921-22	8850	Capital increased.
1922-23	9600	

B.—ORAL.

Oral evidence of Mr. L. K. KIRLOSKAR, representing Messrs. KIRLOSKAR Brothers, Ltd., recorded at Bombay on the 26th November 1923.

President.—Mr. Kirloskar, can you tell us when your firm was established for the manufacture of agricultural implements?

Mr. Kirloskar.—It was in 1901.

President.—Has it been a limited liability company since then?

Mr. Kirloskar.—No, only for the last three years.

President.—I think you call the railway station where your works are Kirloskarvadi. Can you tell us exactly just where that is?

Mr. Kirloskar.—We go from Bombay to Poona where we take the Southern Mahratta route and it would be about 6 or 7 hours' journey from Poona.

President.—In which direction?

Mr. Kirloskar.—To the south. It is about 120 miles south of Poona.

President.—The capital of the Company is Rs. 12 lakhs?

Mr. Kirloskar.—Yes.

President.—Would it be possible for you to send to the Board a copy of the last annual report?*

Mr. Kirloskar.—Yes.

President.—From the catalogues and so on that you have sent us it appears that you make a considerable variety of things?

Mr. Kirloskar.—Yes. We make 12 different styles of ploughs.

President.—You also make sugarcane mills and so on?

Mr. Kirloskar.—Yes, two kinds of sugarcane mills.

President.—Do you require steel for all the things you make?

Mr. Kirloskar.—We require steel only for the ploughs and for the shafts, that is axles for the sugarcane mills. Sugarcane mills are made mostly of cast iron.

President.—You have given us some figures for your total sales, wages and number of workmen year by year. Can you give us any figures for the sale of ploughs?

Mr. Kirloskar.—I have got a chart to show the sale of our ploughs for the last 10 years.

President.—You say in your representation that the sales have gone up partly on account of the steady lowering of the prices. There is a passage to this effect "the Board will see that by continuously reducing the prices of our implements we have been able to effect greater sales." But you have not shown in the statement any reduction in the price. It may be perfectly true, but we cannot see it from the statement. Would it be possible for you to give year by year the price which you were charging for your ploughs?

Mr. Kirloskar.—We shall be glad to give you that.†

President.—Taking the sugarcane mills for which you require a certain amount of steel can you give us the number of cane mills that you are selling at present?

Mr. Kirloskar.—For the present we are selling about 1,000 mills a year but many people require only the spare parts—I mean those who have purchased crushers already. We have got to make these axles in quite a large number.

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* Not printed.

† Not received.

President.—How much steel is there in a sugarcane mill axle?

Mr. Kirloskar.—The sugarcane mill which we are selling for Rs. 250 has got about Rs. 40 worth of steel.

President.—Then about one-sixth of the price of the mill is the cost of steel?

Mr. Kirloskar.—Yes.

President.—Let us take the other mill.

Mr. Kirloskar.—That costs Rs. 200.

President.—How much steel is there in it?

Mr. Kirloskar.—About Rs. 30 worth of steel.

President.—That is about 15 or 16 per cent. of the cost?

Mr. Kirloskar.—Yes.

President.—Then taking your ploughs, what proportion does the cost of the steel bear to the cost of the plough?

Mr. Kirloskar.—That is about 50 per cent.

President.—Take one of the ploughs of which you sell the largest number.

Mr. Kirloskar.—That is No. 9 plough for which we charge only Rs. 33.

President.—What is the cost of the steel in that plough?

Mr. Kirloskar.—About Rs. 16.

President.—That is to say, the cost of the steel is about half the price of the plough and it must be more than half the cost of production?

Mr. Kirloskar.—The price excludes the profit.

President.—And therefore excluding the profit, the price of the steel is more than half the cost of production?

Mr. Kirloskar.—I am afraid I do not understand your question.

President.—Supposing an article costs the manufacturer Rs. 20 to make, he will try to sell it for not less than Rs. 21 or 22. Let us suppose he sells it for Rs. 22. If one of his raw materials costs him Rs. 11, it will be half the selling price, but more than half the cost of production.

Mr. Kirloskar.—Yes.

President.—What competition have you to meet at present in the case of your ploughs? Are there many ploughs imported into India and bought by the cultivators?

Mr. Kirloskar.—I cannot give you the actual number of ploughs imported and bought by the cultivators. There seem to be foreign ploughs on the market.

President.—Do you know of any foreign ploughs used by the cultivators in your part of the world?

Mr. Kirloskar.—Since the war the use of foreign ploughs seems to have increased to a certain extent.

President.—Before the war from what countries were they coming?

Mr. Kirloskar.—They were coming from England, America and Germany.

President.—Before the war did you find it difficult to compete against the foreign ploughs?

Mr. Kirloskar.—Yes. The prices were very near each other and our concern was rather new at that time because, although we were manufacturing implements since 1901, we started to manufacture ploughs in 1905 or 1906, so for the first 5 or 6 years till about 1918 our sale used to amount to a few thousand only, and so of course at that time competition was very keen.

President.—How do the prices you are charging to-day compare with the prices that you charged before the war?

Mr. Kirloskar.—The prices we are charging just now are less than the pre-war price.

President.—It looks to me as if in your own area you are pretty secure from competition?

Mr. Kirloskar.—Up to 1910 we used to manufacture most of our articles by hand, and then during the war time we expanded, and we have now got lots of machines and we are now manufacturing on a mass production basis. Before the war our sale was limited because the cultivators did not ike to use these ploughs. They thought these would poison their land and they had strong opposition to our implements although we tried to give them free. That kind of prejudice has gone now and people are purchasing of their own accord, and now we have large scale manufacture, about 300 every day, and that is how we are able to reduce our prices.

President.—That is most creditable to your firm. But it is important because, if in this way you are able to produce at a price below the pre-war price, it is very unlikely that the foreign manufacturer will be able to land ploughs in India at anything less than 30 or 40 per cent. above the pre-war price. We have been making enquiries about the pre-war and post-war prices of a good many articles, and we constantly found that in the great majority of cases the post-war price is a good deal higher than the pre-war price. Naturally, if evidence were produced that the foreign manufacturer had succeeded in bringing down his cost and consequently his selling price that would be a new fact which we should consider. What your representation asks for is that if 33⅓ per cent. duty is put on steel 20 per cent. should be put on your ploughs. But it may be unnecessary if you have been able to reduce your cost below the pre-war level. The increase in the duty on steel may compel you to raise your price, but you will still be able to compete against the foreign manufacturer.

Mr. Kirloskar.—I don't say it is not quite possible. Naturally it looks like that. If we can get the implements at a lower price without any duty at all and get the raw materials at a higher price we shall be placed in an awkward position.

President.—You have told us that for No. 9 plough you are charging Rs. 38. What was the price before the war?

Mr. Kirloskar.—It was Rs. 39.

President.—And the cost of the steel in it is Rs. 16?

Mr. Kirloskar.—It may come to about Rs. 12. This is of course a mere guess.

President.—We do not want to go into the details of your cost of production except in so far as it affects steel. Let us for the moment take Rs. 12 as a hypothetical figure of what the steel costs you landed at your works, and on that one rupee or a little more will represent the 10 per cent. duty?

Mr. Kirloskar.—Yes.

President.—If the duty were raised to 33⅓ per cent. the cost of your steel might go up to Rs. 14-8?

Mr. Kirloskar.—Yes.

President.—The only result would be that you might have to charge Rs. 37 or Rs 38 for your ploughs. That is the net result. Well, it remains to be seen whether that would operate so as to enable the foreign manufacturer to compete with you.

Mr. Kirloskar.—I think the foreign manufacturer will be able to compete in that case.

President.—You have got to give some facts as well as your opinion.

Mr. Kirloskar.—Before the war the price of No. 9 was Rs. 39 and the foreign plough used to be sold at Rs. 40, so the difference was practically nil.

President.—The cost of most things in Europe which were Rs. 40 before the war, might be Rs. 50, Rs. 54 or even higher now. Unless you can give us some special reason why foreign manufacturers can produce ploughs more cheaply, the mere fact that the price of your ploughs might go up by a few rupees does not prove very much, does it?

Mr. Kirloskar.—I think the foreign manufacturer will find it easier. The foreign manufacturer has not so much interested himself in the sale of his goods in India because this field is entirely new and their methods of selling are rather expensive as they sell through big houses, so possibly they are not able to sell in large quantities—

President.—It is no use for the foreign manufacturer trying to sell in India the kind of stuff that he sells in Great Britain or in the Continent of Europe or in America. He would have to manufacture an article specially suited to the Indian market otherwise he would not be able to get rid of it.

Mr. Kirloskar.—They have got some of these types already made specially for India and they have been exporting some regularly.

President.—Before the war?

Mr. Kirloskar.—Yes.

President.—Have you got any information as to what has happened since the war?

Mr. Kirloskar.—If you like we will give you the price of certain foreign ploughs and let you compare them with our price.

President.—It was a rather important fact to ascertain before coming to the Tariff Board. I mean it rather suggests that the danger is not imminent.

Mr. Kirloskar.—The danger appears imminent only owing to the rise of the duty on steel.

President.—As far as I can make out from what you have told us the difference in the price of the plough is not likely to be more than about Rs. 3. Before the Board would be justified in recommending anything in the way of compensating protection, they would have to be satisfied that this is really going to make a difference to you as regards competition with the foreign manufacturer. That is fair, isn't it?

Mr. Kirloskar.—Yes.

President.—Supposing that the present price of foreign ploughs is about Rs. 45 and you can sell at Rs. 37 at a profit, there is no great harm; you are still practically as well off as before.

Mr. Kirloskar.—If things are allowed to remain as they are we would not be pressing for protection. If there isn't going to be a big difference of course we are not going to the extent of asking for unnecessary protection.

President.—You have not been able so far to tell us just what the position is as regards the import of foreign ploughs.

Mr. Kirloskar.—These figures I do not know myself as we have had no occasion to go into these.

President.—That rather suggests that there is no competition at present. What is the most remote place from Kirloskarvadi that you have been able to send your ploughs?

Mr. Kirloskar.—As far as Nepal, Burma—

President.—Do you sell these at all in Upper India?

Mr. Kirloskar.—No.. We have sent a few to South Africa.

President.—You are able to sell them in the Central Provinces?

Mr. Kirloskar.—Yes.

President.—And the Madras Presidency also?

Mr. Kirloskar.—Yes.

President.—Do you send them up to Gujerat?

Mr. Kirloskar.—Only since the last two or three years they are going to Gujerat.

President.—Of course it is obvious that from a single centre, at a not very central point, there must be some limit to the market you can have eventually, because supposing there was a great development in the use of steel ploughs by agriculturists, other people would start factories at different centres, so that a single firm operating from Kirloskarvadi cannot expect to command more than a limited area.

Mr. Kirloskar.—There would only be the difference of the railway freight.

President.—Supposing another firm established works at Nagpur, which is a great deal nearer the coal, the iron and steel, and the other raw materials, it would undersell you in a wide area. It really comes to this that, just in proportion as you are successful, you are showing the way to your rivals who may eventually establish themselves in other parts of India?

Mr. Kirloskar.—Yes.

President.—What is your total consumption of steel during the last three years?

Mr. Kirloskar.—About 8,000 tons.

President.—Is most the steel you use Tata steel or is it imported?

Mr. Kirloskar.—We cannot get Tatas' steel owing to the high freight. We have to get it from the Bombay market.

President.—You buy in the Bombay market because your works are a long way off from Jamshedpur?

Mr. Kirloskar.—We have to pay Rs. 68 per ton for railway freight. It makes it prohibitive for us to purchase from Tatas.

President.—Of course Kirloskarvadi is a very remote place from Jamshedpur and possibly you will have to import your steel for the ploughs for a good while to come?

Mr. Kirloskar.—Yes.

President.—The foreign ploughs enter India free of duty under the present tariff?

Mr. Kirloskar.—Yes.

President.—What about the sugarcane mill?

Mr. Kirloskar.—They also come under the same category.

President.—They may come under the head "machinery."

Mr. Kirloskar.—If they are worked by bullock power, they come free. If they are worked by machinery or belt power, they have to pay 2½ per cent. duty.

President.—Does not the sugarcane mill come in free of duty?

Mr. Kirloskar.—It may come under machinery, rollers or crushers. I think it comes into the country free of duty.

President.—Is there any foreign competition in the case of sugarcane mills?

Mr. Kirloskar.—Not much. They are also imported in certain quantities. Whatever applies to ploughs applies to these also.

President.—I want to know the effect on the price of your sugarcane mills of the increase in the duty on steel. You said that out of Rs. 200 which was the cost of the mill, Rs. 40 represented the cost and manufacture of steel.

Mr. Kirloskar.—Yes.

President.—So, the cost of the raw steel would be less.

Mr. Kirloskar.—Yes, it would be about Rs. 30.

President.—That includes the present duty of 10 per cent.

Mr. Kirloskar.—Yes.

President.—So that you can take the value of raw steel at about Rs. 27. If the duty is increased to 33⅓ per cent., the increase in the cost of your raw materials would be covered, if you raise your price to Rs. 250 or 256. It does not mean that you have got to raise the price of your sugarcane mills to any very substantial extent.

Mr. Kirloskar.—Quite so.

President.—So that there would hardly be a case for 20 per cent. protection?

Mr. Kirloskar.—We are asking because we do not know what the foreign competition would be like in time to come.

President.—We must wait and see, as Mr. Asquith has said.

Mr. Kirloskar.—If you can assure us that there would be no foreign competition.................

President.—I am not authorised to make promises on behalf of the Government of India. I am quite sure from my knowledge of them, if a case is put up to them at any time to show that a particular manufacture is in serious danger of foreign competition, they would be willing to look into it.

Mr. Kirloskar.—If foreign ploughs are not going to come to India, it would not do any harm if you put up the duty.

President.—We are quite ready to consider any evidence you can place before us that the increase in price owing to the increase in the duty on raw steel would make it difficult for you to compete with the foreign manufacturer, but at present there is really no evidence. On the other hand, there is some reason to think that owing to the fact that you are selling below pre-war prices, the danger of foreign competition is not very great. It is of course open to you at any time to make a representation to the Government of India if you think that foreign competition is really serious.

Mr. Kirloskar.—I quite understand that.

President.—Just at present you have not been able to show us that.

Mr. Kirloskar.—We must also take into consideration the case of the farmer.

President.—I quite admit that anything that tends to raise the price of agricultural implements is to be deprecated. It is not a thing that anybody wants to do. Everybody agrees that it is most important that the Indian cultivator should be able to get his ploughs as cheaply as possible. But it may be an inevitable result of extending protection to steel that the cost of the plough will have to go up. You cannot have everything in this world. If you get something you have got to give up something else. But it is very desirable that we should not increase the price of the plough by one anna more than it is absolutely necessary.

Mr. Kirloskar.—Yes.

President.—So far, you have not been able to show us that you really need any compensating protection.

Mr. Kirloskar.—Because we cannot guess what the effect is going to be of the increased duty.

President.—You can tell what the effect must be on your own prices.

Mr. Kirloskar.—Before war time iron used to come at the same rate or with a small duty. Then, the difference between the prices of our implements and those of the foreign manufacturers was very little. Now nobody can say for some time to come at any rate whether they will be able to send their ploughs to India at pre-war prices or not.

President.—If that contingency occurs, then there is a case for consideration.

Mr. Kirloskar.—That is the only case.

President.—You see that it has not yet happened. As far as you have been able to tell us, it is only something that might happen.

Mr. Kirloskar.—When it will happen, our factory will be wiped out of existence. If the competition were to take place in any one year, we might not be able to send a petition, so it is better to have protection now because forewarned is forearmed.

President.—If you ask the Government of India to forearm against a potential danger, you must at least show that it is a very probable danger.

Mr. Kirloskar.—It is probable. Why should not they dump implements in India?

President.—We have heard a good deal of dumping. Except in one very special case, we have not heard of any dumping below pre-war prices. Take raw steel for instance. We have evidence of steel being imported into India, at very low prices but I don't recollect ever having heard of imports of steel below pre-war price. Why should they send ploughs to India below prewar prices?

Mr. Kirloskar.—I cannot say anything.

President.—As far as I can see, except your sugarcane mills and your ploughs, none of your other articles that you manufacture would be affected by a duty on steel.

Mr. Kirloskar.—No, but I must tell you at the same time that ploughs are the main line of our business. They constitute about 80 per cent. of our output and the remaining 20 per cent. is made up of sugarcane mills and other types of implements which we have illustrated.

President.—It is only the ploughs you are anxious about?

Mr. Kirloskar.—Yes.

President.—If you could show that the foreign competition was preventing you from selling your ploughs at a reasonable price which is below the pre-war price, you would be making out a very good case for some compensating protection in that case.

Mr. Kirloskar.—Does it not occur to you that it looks quite strange that raw materials should come into the country at a higher duty and that the finished article should come without a duty.

President.—That is a matter to be settled not on theoretical grounds but on the actual facts of each particular industry. I don't think a mere illogicality very important one way or the other.

I notice that in two years your sales were very low; once in 1918-19 and then in 1920-21. Were these both famine years?

Mr. Kirloskar.—One of them (1918-19) was a famine year.

President.—It was not due to a slump?

Mr. Kirloskar.—We have to raise the price of our ploughs excessively. The ploughs which used to be sold at Rs. 80 we are now selling at Rs. 33.

President.—You have reduced the price to Rs. 33?

Mr. Kirloskar.—Yes. Up to that time, our capital was about Rs. 30,000 or Rs. 40,000. It was a private concern and in 1921 we got sufficient capital and we put up lots of automatical and labour saving machinery.

President.—Although your sales dropped from Rs. 4 lakhs to Rs. 2½ lakhs, you were actually selling more ploughs?

Mr. Kirloskar.—Yes.

President.—Does the chart you have given bear that out? I am afraid I do not follow because the number of ploughs dropped from 5,000 to 2,000. I don't understand how the difference in price comes into it at all.

Mr. Kirloskar.—1920-21 was the year of very high prices of steel and iron. In addition to the high prices crops also were not very good.

President.—When did you make your reduction in price?

Mr. Kirloskar.—In 1922-23.

President.—There is a big jump after 1920-21.

Mr. Kirloskar.—It is always like that. One year we find we sell more and then next year we have to go down.

President.—The big jump is due to the great reduction in price?

Mr. Kirloskar.—Yes.

President.—That has been a satisfactory measure and the company are now making a profit?

Mr. Kirloskar.—Yes.

President.—You are satisfied that you can make a reasonable profit at these prices?

Mr. Kirloskar.—Yes.

Mr. Ginwala.—These ploughs that you manufacture are all special ploughs that other manufacturers do not manufacture at present in India. Take the case of No. 9 plough.

Mr. Kirloskar.—It is a special plough of our own.

Mr. Ginwala.—I take it that it is the most important of your ploughs.

Mr. Kirloskar.—Yes.

Mr. Ginwala.—So far as that is concerned, there is not much competition from abroad?

Mr. Kirloskar.—No.

Mr. Ginwala.—Therefore there is no competition between you and the foreign manufacturer.

Mr. Kirloskar.—I don't mean to say that they don't manufacture a type exactly similar to No. 9. They have got another type which does the same work as our plough. So, the farmer who uses our plough can buy the foreign plough which is as good as our own.

Mr. Ginwala.—Is there a name for that plough?

Mr. Kirloskar.—There are different types of ploughs.

Mr. Ginwala.—What is the name of that plough?

Mr. Kirloskar.—There is no one name.

Mr. Ginwala.—How are we to compare your special plough with the ploughs of others?

Mr. Kirloskar.—Do you want to know the name of the manufacturers or what?

Mr. Ginwala.—I want to know the name of the article.

Mr. Kirloskar.—Ransom's C. T.

Mr. Ginwala.—Ransom is the name of the maker?

Mr. Kale.—Ploughs are named after the manufacturers, I think.

Mr. Kirloskar.—Yes. Ransom's C. T. corresponds to our No. 9. Wiard also corresponds to ours. There is also another German plough. There is another plough " Arlington." They are all competitors, but there is no plough which is exactly in appearance like our plough No. 9.

Mr. Ginwala.—This Kirloskar Plough No. 9 has acquired a certain reputation amongst the farmers in this country?

Mr. Kirloskar.—Yes.

Mr. Ginwala.—Therefore, ordinarily speaking, they would like to use that plough in preference to its rivals.

Mr. Kirloskar.—Yes, but then we cannot be sure. During the war time foreign ploughs did not come in such large quantities, and so we cannot tell you exactly whether it is due to the quality of our No. 9 plough, or whether it is due to the absence of the foreign plough from the market.

Mr. Ginwala.—The total imports of agricultural implements which include everything are very small.

Mr. Kirloskar.—Yes.

Mr. Ginwala.—It is difficult to say how much of the imports are represented by ploughs alone. It is possible that there may be few or no ploughs.

Mr. Kirloskar.—They are imported. The Agricultural Department is selling most of these ploughs.

Mr. Ginwala.—Do you mean your ploughs?

Mr. Kirloskar.—No, foreign ploughs.

Mr. Ginwala.—Do you mean to say that the Agricultural Department imports these foreign ploughs?

Mr. Kirloskar.—It is recommending foreign ploughs.

Mr. Ginwala.—Does it not also recommend your ploughs?

Mr. Kirloskar.—Not much.

Mr. Ginwala.—Is it your contention that these are the ploughs that compete against yours?

Mr. Kirloskar.—Yes.

Mr. Ginwala.—Does the Agricultural Department really import ploughs?

Mr. Kirloskar.—No, it does not.

Mr. Ginwala.—It only recommends the name?

Mr. Kirloskar.—Yes. When the cultivator comes, he is advised to buy those ploughs. Through its journals and through handbills, the Department is recommending foreign ploughs.

Mr. Ginwala.—Who are your principal customers?

Mr. Kirloskar.—Most of them are residents of the Deccan, but now we are extending our field.

Mr. Ginwala.—But the bulk of your production is consumed in the Deccan.

Mr. Kirloskar.—The Deccan, Mysore and the Nizam's Dominions.

Mr. Ginwala.—Was there any special reason why you selected Kirloskarvadi as your headquarters?

Mr. Kirloskar.—The factory was for many years at Belgaum. It was a small concern and it was situated at some distance, and the Municipality there wanted to extend their area and they gave notice to our factory to quit that place.

Mr. Ginwala.—I want to know why it was started at Belgaum, which was an out of the way place.

Mr. Kirloskar.—Not much.

Mr. Ginwala.—I know Belgaum. It is a nice place, but it is so far away from raw materials. That is why I am asking this question.

Mr. Kirloskar.—There was no idea of manufacturing ploughs in the mind of Mr. Kirloskar, the founder of this concern. He was a Professor of Mechanical Drawing in the Victoria Jubilee Technical Institute. After some time he wanted to start something of his own. So he started a small shop at Bombay. It was a very long time ago, about 1880 or 1890. Then, he did not like Bombay. He said he would go outside and do something. There was no demand for the articles he manufactured. So, he wanted to enter into the cycle trade and for that he went to Belgaum which had a large number of European population. As cycles were quite new at that time, he went to Belgaum and started a shop for selling and repairing cycles. That went on for 12 or 18 years. During that time he got some money and then he wanted to manufacture some articles. His old idea came back to him. He was not satisfied with the selling and repairing of cycles. He manufactured the chaff cutters. That was in 1901. It was sent to the Exhibition in Bombay. I remember that. At that time people began to purchase these small chaff cutters. They were appreciated. We had a small foundry and a workshop. We thought that we ought to manufacture something which the farmers would require, because the agriculturists were the largest number of people in India. There was a very large demand and so at Belgaum we began to manufacture.

Mr. Ginwala.—That does not explain why you selected Belgaum where it is much more expensive to get your raw materials. What is the special advantage connected with Kirloskarvadi.

Mr. Kirloskar.—I told you when the Belgaum Municipality asked us to quit we were in a fix, we did not know where to go to. The Chief of Aundh (District Satara) in whose State we are established was a friend of Mr. Kirloskar. He came to know the plight in which we were and said, if we could not find any suitable locality, we could go to his State and establish ourselves. That is why we are now in Kirloskarvadi.

Mr. Ginwala.—This place has got no particular advantage from the industrial point of view.

Mr. Kirloskar.—It has got certain advantages. It is first of all located in the centre of the district where most of our ploughs are sold. People are progressive, lands are fertile and agriculturists can afford to purchase our ploughs.

Mr. Ginwala.—That may be a good reason. But it seems to me that if you wanted to manufacture an article for which steel would be required, you would locate your works somewhere near the place where steel could be had.

Mr. Kirloskar.—Another reason is we are quite close to the railway station, and the third reason is that Mr. Kirloskar wanted to have perfect control over his employees and put his ideas into practice. If we lived in a town somewhere, the workmen might run away or do something like that. Whereas in Kirloskarvadi, we are conducting our factory in a far more efficient manner.

Mr. Ginwala.—After supplying the Deccan, will you be able to compete in distant places because the railway freight will be a great factor?

Mr. Kirloskar.—We are actually doing so now.

Mr. Ginwala.—That is due to the absence of foreign competition.

Mr. Kirloskar.—We will have to establish branches all over the country.

Mr. Ginwala.—The establishment of branches won't help you, unless you are going to establish branch factories.

Mr. Kirloskar.—We might do that.

Mr. Ginwala.—So long as you are at Kirloskarvadi, your raw materials must cost more and your finished materials also would cost more. From that point of view have you not established yourself in an unfavourable position?

Mr. Kirloskar.—We are quite close to Bombay. It is not so far from Bombay as it appears to you.

Mr. Ginwala.—In Bombay itself there is no agriculture. You have got to go further afield. What is the life of your plough No. 9?

Mr. Kirloskar.—10 or 11 years. Of course if you change the parts that are worn out, there is no end to our plough because we supply spare parts.

Mr. Ginwala.—Do the spare parts cost much?

Mr. Kirloskar.—Not much. Only the plough share has got to be changed.

Mr. Ginwala.—How much does that cost?

Mr. Kirloskar.—Rs. 1-8-0.

Mr. Ginwala.—And the steel frame lasts longer, I suppose?

Mr. Kirloskar.—Steel frames and steel handles are unbreakable, and if they break, they can also be renewed.

Mr. Ginwala.—Would a farmer think very much if it was a question of only two or three annas? Would it affect your sales?

Mr. Kirloskar.—It will.

Mr. Ginwala.—Are there any regular agencies in India?

Mr. Kirloskar.—Yes.

Mr. Ginwala.—Where?

Mr. Kirloskar.—I mean all over the place. In rural places where cultivators would require these ploughs, we have got regular agents.

Mr. Ginwala.—I am talking of foreign ploughs.

Mr. Kirloskar.—Yes.

Mr. Ginwala.—Do they actually stock these ploughs?

Mr. Kirloskar.—Yes.

Mr. Ginwala.—According to the figures the number of ploughs that you manufacture is fairly large when compared with the number of imported ploughs. So, is there any real competition?

Mr. Kirloskar.—I told you that there was not much competition.

Mr. Ginwala.—You have stated that the freight from Antwerp to Kirloskarvadi is £0-14-6*d*.

Mr. Kirloskar.—It is wrong. It is from Antwerp to Bombay.

Mr. Ginwala.—Have you been importing anything from Antwerp?

Mr. Kirloskar.—We have got our Agent there. One of our representatives is there.

Mr. Ginwala.—Have you been importing anything from Antwerp at this rate?

Mr. Kirloskar.—Yes.

President.—Was it steel?

Mr. Kirloskar.—Yes.

Mr. Ginwala.—When did you import?

Mr. Kirloskar.—After the termination of the war.

Mr. Ginwala.—That was the freight you paid?

Mr. Kirloskar.—Yes.

Mr. Ginwala.—And from Bombay to Kirloskarvadi what is the railway freight?

Mr. Kirloskar.—It comes to Rs. 15 per ton.

President.—That is on raw steel?

Mr. Kirloskar.—Yes.

Mr. Ginwala.—And from Tatanagar to Kirloskarvadi, you have given Rs. 67-8-0.

Mr. Kirloskar.—Yes.

Mr. Ginwala.—Is that your own rate? Have you tried to buy steel from Tatas?

Mr. Kirloskar.—Orders were actually placed with Tatas and we had to pay Rs. 67-8-0.

Mr. Ginwala.—The freight from Tatanagar to Bombay is only Rs. 19-12-0. If it was Rs. 19-12-0 in that case freight would not be so unfavourable as now.

Mr. Kirloskar.—No.

Mr. Ginwala.—How much do you take of steel?

Mr. Kirloskar.—From 200 to 500 tons.

Mr. Ginwala.—Have you made any attempt to get it from Tatas?

Mr. Kirloskar.—We could not get it.

Mr. Ginwala.—What is the special kind of steel you use?

Mr. Kirloskar.—Flat bars for the ploughs and round bars.

Mr. Ginwala.—What sizes do you use?

Mr. Kirloskar.—2 × [illegible], 1[illegible] × [illegible].

Mr. Ginwala.—Have you been importing these recently from the Continent?

Mr. Kirloskar.—Yes.

Mr. Ginwala.—Can you give us the prices of raw materials, distinguishing between bars c.i.f. Bombay. We should like to see these prices.

Mr. Kirloskar.—Yes.*

Mr. Ginwala.—You get your quotations in sterling or in rupees?

Mr. Kirloskar.—In sterling.

Mr. Ginwala.—Can you get us these figures for the last three years?

Mr. Kirloskar.—No. We have been only getting it very recently. Our connections were not established before. We were getting it before in the Bombay market. It is only for the last year or two we have been importing direct.

Mr. Ginwala.—Will you give us these figures?

Mr. Kirloskar.—Yes.

Mr. Ginwala.—Do you not import any British steel?

Mr. Kirloskar.—No. We purchased in the Bombay market and we did not know what steel it was.

Mr. Ginwala.—I mean just now?

Mr. Kirloskar.—No.

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* Not received.

Mr. Kale.—Mr. Ginwala asked you a number of questions about the suitability of the site for your factory. Is it a fact that your factory began to turn out these ploughs before Tata & Co. was born?

Mr. Kirloskar.—When was the Tata & Co. born?

Mr. Kale.—They began to manufacture steel in 1911. When did you begin to manufacture?

Mr. Kirloskar.—In 1906.

Mr. Kale.—So that you could not have established your factory in the vicinity of Tata Company?

Mr. Kirloskar.—Certainly not.

Mr. Ginwala.—I never said in the vicinity of the Tata Co.

Mr. Kale.—And even if you had started your works in the vicinity of Tatas, you would not have been able to approach your customers in other parts of the country?

Mr. Kirloskar.—No.

Mr. Kale.—You have given other reasons also, namely, that Satara is a very large agricultural district paying a land revenue of Rs. 80 lakhs and contains a sturdy population of agriculturists. You thought that it was a suitable centre for the manufacture of your ploughs. Besides that, Mr. Kirloskar, the founder, got special encouragement at the hands of the Chief of Aundh so that it would have been very difficult, if not impossible, to start your works at any other place?

Mr. Kirloskar.—Yes. It would have been quite hopeless.

Mr. Kale.—So that your position is a position of advantage while you are at Kirloskarvadi?

Mr. Kirloskar.—Yes.

Mr. Kale.—You have told us something about foreign ploughs and the way in which your ploughs are being sold. You say that the Agricultural Department has been recommending foreign ploughs. Have the Department not recommended your ploughs as much as they recommend foreign ploughs?

Mr. Kirloskar.—They have not done as much for our ploughs as they have for the foreign ploughs.

Mr. Kale.—You have tried to induce them to recommend your ploughs and yet they have not done it?

Mr. Kirloskar.—I do not suppose they have done it.

Mr. Kale.—You are yourself advertising?

Mr. Kirloskar.—We demonstrate our ploughs ourselves.

Mr. Kale.—And the Agricultural Department has given no demonstration of the work of your ploughs.

Mr. Kirloskar.—No. They are demonstrating the use of the imported ploughs.

Mr. Kale.—Do you think that on account of this, you are afraid, foreign ploughs may be able to compete with you. Do you think it is a handicap?

Mr. Kirloskar.—Yes. Certainly, because it is in the hands of people like agricultural overseers, and they are in direct touch with the farmers, and if they tell the farmers to purchase a certain type of plough, they will do so.

Mr. Kale.—Do you think it is the duty of the Agricultural Department to give as much encouragement as possible to your ploughs?

Mr. Kirloskar.—Yes.

Mr. Kale.—Have you ever complained?

Mr. Kirloskar.—We are complaining always.

Mr. Kale.—Have you asked any Hon'ble Member of the Council to ask questions about this?

Mr. Kirloskar.—Not yet.

President.—This is the time of the general election and you might approach the Minister and ask him questions. It is a matter which is entirely in the hands of the Minister now-a-days.

Mr. Kale.—I think you have not done justice to yourself by failing to put forward your claim. You are afraid of foreign competition, but you do not seem to have done your duty as you ought to have done.

Mr. Kirloskar.—We are not so much concerned with political affairs: we are more concerned with our own business.

Mr. Kale.—But it is very difficult in these days to dissociate politics from business. Can you tell us to what extent cultivators have benefited by your special ploughs?

Mr. Kirloskar.—I cannot give you actual figures, but I can tell you that owing to our improved type of ploughs they have brought under cultivation thousands of acres of land which were lying uncultivated. Wooden ploughs do not penetrate the land as much as steel ploughs. These ploughs have enabled the cultivators to reduce labour and make out the day's work in half as much cost as wooden ploughs, and the crops are better because it goes deep and when the rains come down the land holds plenty of water.

Mr. Kale.—Do you think that the foreign plough will compete with you more successfully in the districts in the vicinity of Bombay, on the Western coast here, Kolaba, Ratnagiri and other places, on account of the distance?

Mr. Kirloskar.—If they do it we shall be very glad to let them do it because the lands are very small and the cultivators generally tap the soil and do not plough.

Mr. Kale.—Where do you want to expand your markets?

Mr. Kirloskar.—We want to expand our market where the farmers are really anxious to improve their lands. There is a large scope for our plough in those areas.

Mr. Kale.—Are you contemplating any expansion of your works because demand for your goods seems to be growing up?

Mr. Kirloskar.—Yes, putting up more machinery and turning out ploughs in larger quantities. We want to turn out nearly 1,000 ploughs a day.

Mr. Kale.—Do you hope to sell all of these?

Mr. Kirloskar.—From the trend of the cultivator we think we shall be able to sell all our ploughs.

Mr. Kale.—Do you think you will be able to export your ploughs in large quantities?

Mr. Kirloskar.—Yes.

Mr. Kale.—And you will be able to compete with foreign ploughs?

Mr. Kirloskar.—Yes.

Mr. Kale.—Your position is this: you do not want any protection as things stand to-day, but you contend that foreign competition may become keen and cut into your business, if the price of steel rises owing to the adoption of protection.

Mr. Kirloskar.—Yes.

Mr. Kale.—If there is an increase of Rs. 3 to 4 in the cost of your plough, do you think it will not affect the position? You will be able to still sell your ploughs?

Mr. Kirloskar.—Yes. Of course you will understand that we were able to sell our ploughs when it was selling at Rs. 80.

Mr. Kale.—Have you any ambition to reduce your price still further?

Mr. Kirloskar.—We do not want to reduce by purchasing raw materials at a higher price. We want help from Government in the shape of some concession in railway freight, so that the burden of the rise will not fall on the shoulders of the agriculturist. If there is any concession in freight of course the farmer will not feel the burden of the increased price.

Mr. Kale.—So you do not object to the steel industry, as it exists to-day, being protected?

Mr. Kirloskar.—We want it.

Mr. Kale.—In the interests of agriculture, you want that there should be a successful steel industry in India?

Mr. Kirloskar.—Certainly, that is essential. Otherwise there is no hope for our industry.

Mr. Kale.—Your cost of production comparatively seems to be low. Is it due to the lower rate of wages as compared with other factories?

Mr. Kirloskar.—Yes.

Mr. Kale.—What is your position in the factory?

Mr. Kirloskar.—I am Assistant Manager.

Mr. Kale.—What is your salary?

Mr. Kirloskar.—I get Rs. 200.

Mr. Kale.—What would a man doing corresponding work in Bombay be getting?

Mr. Kirloskar.—Not less than Rs. 1,000.

Mr. Kale.—Do you attribute your low cost of production to the low wage and salaries you are paying?

Mr. Kirloskar.—Certainly. All our mechanics, our moulders and ou workmen have been trained by us. They have been collected from the staff o agriculturists there.

Mr. Kale.—But I hope you are not giving starvation wages to you employés.

Mr. Kirloskar.—That is what we want so that if they stay with us on thi wage and show they are successful, perhaps they might get something more.

Mr. Kale.—Have you made adequate housing accommodation?

Mr. Kirloskar.—We have given them as much as possible under the circumstances.

Mr. Kale.—How many are accommodated in your works to-day?

Mr. Kirloskar.—There are about 600 and odd. About 500 people live i Kirloskarvadi and about 200 come from villages near by.

Mr. Kale.—Have you seen Jamshedpur?

Mr. Kirloskar.—No.

Mr. Kale.—On what plan have you developed your industrial town? D you give them electricity and water, educational facilities and social amenities

Mr. Kirloskar.—Yes. We have provided separate house for each workma Every house has got electric current and a water tap. We have provide play grounds, schools and gathering places for workmen. We have got a fr medical hospital for the workmen.

Mr. Kale.—The President put it to you that if an increased duty is impose on steel, the price of the plough might go up on account of the increase in t price of raw steel contained in it by 3 or 4 per cent. Do you think that t increase in price will be confined to that or will be something more owi to an increase all round?

Mr. Kirloskar.—That will not be confined to ploughs because we have purchase raw materials for buildings, etc.

Mr. Kale.—Suppose railway freights go up slightly on account of this dut will you suffer?

Mr. Kirloskar.—Certainly because the cost of our raw material would higher.

Mr. Mather.—Will you tell us just what quality of steel that you use?

Mr. Kirloskar.—Basic mild steel.

Mr. Mather.—You do not use any other kind?

Mr. Kirloskar.—The other, high speed steel, is required in the machine shop, not for the implements.

Mr. Mather.—Do you use wrought iron at all in any of your implements or tools?

Mr. Kirloskar.—No.

Mr. Mather.—You mention in your catalogue that the shares and wearing parts of No. 9 are made of chilled cast iron, by a special process. Is Indian pig iron used for that?

Mr. Kirloskar.—Yes.

Mr. Mather.—Where are you getting it from?

Mr. Kirloskar.—We get it from Bhadravati but formerly we used to get it from Tata's.

Mr. Mather.—Does this Bhadravati pig iron work well? Is it cheaper than that from Bengal?

Mr. Kirloskar.—We are paying less railway freight, but the price is the same.

Mr. Mather.—Is there any firm in India making ploughs on the same scale as you are?

Mr. Kirloskar.—Not on the same scale. There are some other firms, Burn & Co. at Howrah, Messrs. Husain & Co., in Madras. I suppose they manufacture some small types of ploughs but they are not concentrating on this manufacture just as we do. We are exclusively manufacturers of ploughs. There they manufacture different things and ploughs come as one of them. There is another firm in Madras, Messrs. Jessop & Co., and there are other firms who indent a few parts of the plough only and fit the other parts here, for instance in the case of the Collar Mission plough they get the plough from Canada and fit the wooden parts here.

Mr. Mather.—You have told us that you are using about 3,000 tons of steel a year.

Mr. Kirloskar.—Now during this year we would require about 6,000 tons.

Mr. Mather.—How much does steel cost you roughly?—delivered at your station?

Mr. Kirloskar.—It is about Rs. 180 a ton.

Mr. Mather.—3,000 tons at Rs. 180 would cost Rs. 5½ lakhs and your total sales according to this statement for the last two years were 6¼ and 7 lakhs.

Mr. Kirloskar.—That is not for the last year. 1922-23—Rs. 7 lakhs. That is not for two years.

Mr. Mather.—That is only for one year. If you used 3,000 tons of steel in that year and paid Rs. 180 a ton for it then you spent Rs. 5½ lakhs on steel?

Mr. Kirloskar.—It was not so much on that year. It is roughly from last year to this year. It is the official year.

Mr. Mather.—In this official year you expect 3,000 tons and in the next 6,000 tons.

President.—It depends on your sales of course entirely.

Mr. Mather.—I notice in your catalogue that you make bolts and nuts. Have you a big factory?

Mr. Kirloskar.—We have got to use them for our own ploughs.

Mr. Mather.—So you do not sell them?

Mr. Kirloskar.—No. We have not yet commenced the sale because the raw material we want for these is not available here. The machine takes the bars. If the bars are a little over-sized or under-sized we cannot do the work quite satisfactorily, so that the material we get from Bombay or from Tata's is rather costly.

Mr. Mather.—You purchase steel for that and you make bolts and nuts for your own purposes and you do not sell them?

Mr. Kirloskar.—We have put up a bigger plant and in course of time we propose to sell bolts and nuts.

Mr. Mather.—So you are prepared to enter the market for bolts and nuts when you get your bigger plant in operation. Prof. Kale was asking you about wages and you said that one of your advantages was that you were able to get your work done on comparatively low wages. Can you tell us how much you pay to a moulder?

Mr. Kirloskar.—We pay a moulder Rs. 25.

Mr. Mather.—And a machine tool mechanic?

Mr. Kirloskar.—Rs. 50 because these people do not entirely depend on our factory. They have got their farms in the neighbourhood of the factory. They work there during the harvest time and the sowing time; they go there and ploguh their lands. We give them leave during that time.

Mr. Mather.—You do not put any difficulty in their way of working up their land?

Mr. Kirloskar.—No.

Mr. Mather.—So during these few months you are not doing much in your works.

Mr. Kirloskar.—That comes in during the rainy season during which time the factory is not working to its fullest limit.

Mr. Mather.—At the end of the statement you have given us your annual expenditure on wages and the number of workmen : you show 420 men drawing Rs. 97,900. Does that include managing staff?

Mr. Kirloskar.—Everybody. That is the total of the wages paid for management, overhead and everything.

President.—I did not quite catch the price you gave to Mr. Mather as the price which you were paying recently for steel.

Mr. Kirloskar.—Rs. 180 a ton delivered at Kirloskarvadi.

President.—The freight from Bombay being Rs. 15 or 16 that means that at Bombay it would be about Rs. 165.

Mr. Kirloskar.—Yes. It sells I think at Rs. 8 a cwt. here in Bombay.

President.—That means that the c.i.f. price is Rs. 150 a ton.

Mr. Kirloskar.—Yes.

Mr. Ginwala.—You have told us that the cost of the raw materials is Rs. 12 in a plough?

Mr. Kirloskar.—Only steel.

Mr. Ginwala.—What is the quantity of steel you use for No. 9 plough?

Mr. Kirloskar.—About 100 lbs.

Mr. Ginwalo.—What is the total weight of the plough?

Mr. Kirloskar.—200 lbs.

Mr. Ginwala.—What does the remaining 100 lbs. consist of?

Mr. Kirloskar.—Cast iron.

Mr. Ginwala.—That cast iron I take it you make from the pig iron that you get from Bhadravati?

Mr.. Kirloskar.—Yes.

Mr. Ginwala.—May we take 100 lbs. as the average quantity used in a plough?

Mr. Kirloskar.—No. Some of the smaller patterns weigh only 24 lbs. There is another plough weighing 40 lbs.

Mr. Ginwala.—Would you give me the percentage of the No. 9 plough to your total production? Supposing you make 100 ploughs of No. 9 in year. The bulk of your production was No. 9 plough. How many ploughs would you make in a year?

***Mr. Kirloskar.*—Say 7 to 8 thousand.**

***Mr. Ginwala.*—And the other ploughs?**

Mr. Kirloskar.—That is not fixed. They are of different patterns. Th number is not fixed. If the sales develop we may make more.

President.—It would be useful if you could give us the actual figures of th No. 9 ploughs you sold for the last three years.

Mr. Kirloskar.—Yes.*

Mr. Ginwala.—And the weight of the steel that you use in your principa products. One is No. 9 plough. If there is any other article of importanc that you manufacture you might give the weight of steel in each article.

Mr. Kirloskar.—Yes.†

President.—Do you use any other imported raw materials?

Mr. Kirloskar.—We get all our raw material here. We get coal, coke an pig iron. Iron bars are the only thing that has got to come from the continent

President.—By iron bars you mean wrought iron?

Mr. Kirloskar.—Yes.

President.—But in reply to Mr. Mather you said that you were not usin wrought iron.

Mr. Kirloskar.—I mean steel.

Mr. Ginwala.—You said you used only 100 lbs. of steel in the plough an you said that it cost you Rs. 12.

Mr. Kirloskar.—I have calculated the wages and labour.

Mr. Ginwala.—It is better to give us correct figures of the quantity of stee that you use in each kind of plough that you manufacture, the actual quantit that you use in your sugar mill and so on. That would give us some ide of the additional burden that the duty would throw on you in case it is recommended.

President.—Is there much wastage of steel in the process of manufactur of your ploughs?

Mr. Kirloskar.—Yes. There is a small waste.

President.—It is not the actual quantity of steel that is left in the plough that is required, but the amount that you have to use in making it. That i what we want.

Mr. Kirloskar.—Yes. I quite understand.

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* Statement II.

† Not received.

DIRECTOR OF INDUSTRIES. BENGAL.
LIBRARY.
13 MAY.1924

No. 15.

The Pioneer Enamel and Iron Works, Ltd.

tement I.—Original representation from the Pioneer Enamel and Iron Works, Limited, to the Tariff Board, dated the 15th October 1923.

We beg to submit the following statement on behalf of the Pioneer Enamel and Iron Works, Ltd., before your Board for favourable consideration:—

We started an Enamel Factory at Salkia (Howrah) about a year ago on a small scale and are manufacturing various kinds of enamelled hollow wares and advertising sign-boards for which we are using imported steel sheets. We have completed all necessary arrangements preliminary to the production of the above articles on a large scale and consequently our consumption of steel sheets in the near future will be greatly increased.

Our industry being quite a new in this country, we are working through enormous odds and naturally the cost of our production is high. Besides, owing to the alarming reductions in the prices of enamelled hollow-wares imported from Japan and Germany, we fear, it will be very difficult for us to hold our own against foreign competition unless we are given some sort of protection by our Government.

If the Government think it necessary to raise the present tariff rates on steel, to give protection to steel industry of our country, it is also necessary to protect the interests of this and other industries which require thin and mild steel sheets.

We suggest that if Government find it inevitable to raise the tariff rates on steel, they can still classify it according to thickness and the steel sheets suitable for enamel industry can be tariffed at the present rate, so that both the Enamel industry and the steel manufacturing concerns will be equally protected. But if Government do not favour such classification, it will be necessary to impose equally high import duty on foreign enamelled wares to protect this indigenous infant industry. But we cannot favour the idea of further raising the import duty on such goods in view of the poverty of India and as Hon'ble Mr. Innes put it "............in all tariff matters we have always to remember that the consumer in India is usually very poor". "............ and we must consider Indian consumer and each concrete proposal would have to be carefully examined from the point of view of his interests and with special reference to the risk of raising the prices against him".

Steel sheets for the purpose of enamelling are not manufactured in India. We hear since very long that Tata's are contemplating to manufacture steel sheets but we do not know how many long years more we have to wait for their supply. Moreover, if Tata's make at all such thin and malleable steel sheets, we do not know whether their prices will be cheaper.

The Enamel Industry bids fair to be a thriving concern in our country, should the State bestow upon it her fostering care and afford it some protection at its infant stage. The classification we have suggested above is not unreasonable as it will not adversely affect Government revenue and in view of the fact that such privilege is being enjoyed by even the most commercially advanced countries of Japan and Germany, protection at the hands of the Government is amply deserved by a country like India which is so industrially backward.

Statement II.—Supplementary Information received under cover of a letter, dated December 13th, 1923, from The Pioneer Enamel and Iron Works, Limited, to the Tariff Board.

The supplementary statements as promised by our representatives before the Tariff Board, *vide* pages 35, 40 and 41 of their evidence, are submitted below:—

(a) The price of the mild enamelling sheets is per ton, about £20 to £22 f.o.b. Calcutta, whereas that of ordinary quality current at present in the market, is about £12 to £13 a ton, c.i.f. Calcutta. The high price of the former quality will tempt neither the importers nor the users of the ordinary quality to buy enamelling sheets to their profit, and the Custom Officer will be easily able to differentiate between the two qualities on the merit of the great difference in the rates of their prices.

(*b*) The cost of chemicals is about 33 per cent. of the cost of productions of enamel goods. The duty is 15 per cent. on the imported chemicals, and it comes to about 4½ per cent. of the cost of production. Again, the cost of steel sheets is about 37 per cent. of the cost of production, the import duty on which is 10 per cent. at present; so the duty on this item is about 3½ per cent. of the cost of production. Thus the total reduction comes to about 8 per cent. of the cost of production if various kinds of imported raw materials are allowed duty free.

(*c*) On the basis of the full outturn of our present works, the consumption of steel sheets shall be about 100 tons and when extended, it may rise to 1,000 tons a year.

The total outturn on the present arrangement of the works shall be about 80,000 rupees, and when extended, about 8 lakhs of rupees annually.

Oral evidence of Messrs. S. L. BANERJI and R. C. BANERJI, representing the Pioneer Enamel and Iron Works, recorded at Calcutta on Monday, the 29th October 1923.

President.—You represent the Pioneer Enamel and Iron Works?

Mr. Banerji.—Yes.

President.—That is a limited liability Company?

Mr. Banerji.—Yes.

President.—What is your position in the Company?

Mr. Banerji.—I am one of the Directors as well as the factory expert.

President.—When was the Company formed?

Mr. Banerji.—About a year ago.

President.—That is, about the end of 1922 then?

Mr. Banerji.—Yes.

President.—When did you begin actually to manufacture?

Mr. Banerji.—About nine months ago.

President.—That is to say, about the beginning of 1923?

Mr. Banerji.—Yes.

President.—Can you tell us what the capitalisation of the Company is?

Mr. Banerji.—Three lakhs of rupees.

President.—Is that all in ordinary shares?

Mr. Banerji.—Yes.

President.—You have built your works at Salkea in Howrah?

Mr. Banerji.—Yes.

President.—Has the whole of your capital been spent on the works or is there any margin for working capital?

Mr. Banerji.—There is some margin.

President.—Can you tell us what your works have cost up-to-date? I mean, what is your fixed capital expenditure?

Mr. Banerji.—About Rs. 50,000.

President.—I am talking of the fixed capital expenditure, that is, the amount you have spent on buildings, machinery, etc.

Mr. Banerji.—We started on a small scale to begin with and we have made all the preliminary arrangements.

President.—And you have spent only Rs. 50,000?

Mr. Banerji.—A little less than that.

President.—On your works and machinery?

Mr. Banerji.—Yes, but we are going to extend.

President.—I quite understand. Your plans are now ready to extend your works?

Mr. Banerji.—Yes.

President.—So as to increase your capacity for production?

Mr. Banerji.—Yes.

President.—How much of your capital is actually paid up? Rs. 3,00,000 is your authorised capital. How much is subscribed?

Mr. Banerji.—About Rs. 80,000.

President.—Is the whole of the Rs. 80,000 paid up?

Mr. Banerji.—Not yet.

President.—How much is paid up?

Mr. Banerji.—About Rs. 60,000.

President.—Taking your works as they stand to-day and supposing you have got all the work you could possibly handle, what would be the probable value of your outturn taking current prices of course? Have you any idea?

Mr. Banerji.—About Rs. 700 daily.

President.—On your present works?

Mr. Banerji.—No, I am talking of the future.

President.—I don't mind which you take first. Very well, I ask you this. Supposing you extend your works and complete them according to your present plan, then your outturn, if you are fully employed, ought to be Rs. 700 a day.

Mr Banerji.—It will be much more. It will be Rs. 3,000 a day when the complete plant is set up.

President.—That will be your full production if you complete your plant as at present you intend to do?

Mr. Banerji.—Yes, but when we finish that, we might increase it again.

President.—Let us get clear as to how you stand at present. That will be on the capital expenditure approaching Rs. 3 lakhs.

Mr. Banerji.—Yes.

President.—And you expect to get an outturn of Rs. 3,000 a day?

Mr. Banerji.—Yes.

President.—Do you work seven or six days a week?

Mr. Banerji.—We only work 24 days a month.

President.—On your present capital expenditure of Rs. 50,000, what would be your full outturn? What would be the value of it?

Mr. Banerji.—About Rs. 7,000 a month.

President.—That would be about Rs. 85,000 a year.

Mr. Banerji.—Yes.

President.—What is your actual rate of production at the present moment, say, for October or September—I don't mind which?

Mr. Banerji.—It has not yet been fully calculated, but last month I think that it was about Rs. 5,000.

President.—That is the value of your outturn approximately?

Mr. Banerji.—Yes.

President.—Well, take the full outturn of 8½ lakhs. What quantity of steel sheets would you require?

Mr. Banerji.—About 10 tons a month.

President.—Then, on the 85,000, you would require about one ton a month.

Mr. Banerji.—Yes.

President.—And on your last month's outturn, it was something less?

Mr. Banerji.—Yes.

President.—Then, can you give us any figure as to the proportion which the cost of the steel that you use bears to the total cost of your finished product. Take any article you like. A certain part of your expenditure on producing that article is buying the steel.

Mr. Banerji.—For 12 dozen mugs of 8 c.m. size, we require sixteen rupees worth of steel sheets.

President.—What is the total cost of one gross of mugs? In the case of any article that you produce, it costs you a certain amount to produce it. Taking the total cost of producing these mugs at Rs. 100, what percentage of that would be the cost of steel? You have told us that in this particular case sixteen rupees worth of steel is required. What would be the total cost?

Mr. Banerji.—About 40 per cent.

President.—Can you tell us from what country you get your steel sheets at present?

Mr. Banerji.—Just now we require a special class of mild steel sheets, very thin, and some thick quality for sign-boards. At present our consumption being less we are getting from the market the imported steel sheets.

President.—Do you mean you buy them from the merchants at Calcutta?

Mr. Banerji.—From the local dealers we buy, but they do not suit us. As our concern is not big, we are managing anyhow.

President.—You don't find them satisfactory?

Mr. Banerji.—No. When we are going to manufacture on a big scale, we will have to import foreign sheets.

President.—Have you got any information at present as to where you think you are likely to get the steel sheets from which will suit you?

Mr. Banerji.—We are already negotiating with firms in America, Germany and England. American and English sheets are almost of the same quality, and we can import them either from England or from America.

President.—But German sheets happen to be the cheapest at the moment?

Mr. Banerji.—Yes.

President.—Up-to-date you have only bought in the local market?

Mr. Banerji.—Yes.

President.—You are one of the Directors as well as the factory expert?

Mr. Banerji.—Yes.

President.—Could you tell us where you studied the manufacture of enamelled wares?

Mr. Banerji.—In Japan.

President.—How long were you in Japan?

Mr. Banerji.—Five years.

President.—Were you actually working in enamel works there?

Mr. Banerji.—Yes.

President.—Your primary request, I understand, is this: that you would like the steel sheets which will be used for making enamelled wares to be imported free of duty.

Mr. Banerji.—If we get them free of duty, it would be of great benefit to us.

President.—How do you suggest that that should be done?

Mr. Banerji.—If the steel sheets are not allowed free, at least we suggest that they should be classified.

President.—All steel sheets thinner than a certain minimum thickness should be allowed free of duty: that is what you would like?

Mr. Banerji.—Yes, if that is not possible, we want classification of the steel sheets of thin quality.

President.—What sort of classification?

Mr. Banerji.—According to thickness, they ought to be classified and for those qualities which are actually required for the enamel industry we want some special tariff rate, if they could not be admitted free of duty.

President.—I will come to that later. In the first place you suggest that this might be done by classification according to thickness?

Mr. Banerji.—Yes.

President.—I notice that you say—"We hear since very long that Tata's are contemplating to manufacture steel sheets but we do not know how many long years more we have to wait for their supply." As far as we know, according to their present plan, they will be producing steel sheets some time in 1924. The Tata Co. are under contract with another enamel ware company at Jamshedpur to produce steel sheets suitable for enamelling and to supply them for that company, so that it is definitely part of their plans to produce the quality of steel sheets suitable for your industry. If that be so, and the primary question before the Tariff Board being the protection of the manufacture of steel, it is a little difficult—don't you think—to exempt from duty a particular kind of steel which the Tata Co. are willing and ready to produce.

Mr. Banerji.—Regarding the Tatas' supply, there are several important questions to be considered. The first is that we are already in the market for the steel sheets and if the Tatas can supply us, it will be rather a boon.

President.—If you get them at the right price?

Mr. Banerji.—Yes. The second thing we have to consider is whether they will really be able to supply us during the next year and, if it is so, we do not know what will be their price. The Tata Co. hold a lion's share in the Enamel Works at Jamshedpur and so it is natural that they might give special facilities to the enamel factory. Their contract with the enamel factory might be more favourable than their contracts with others. In that case the price we have to pay might be nearly the same as that of imported sheets and therefore our difficulties will not be minimised in any way.

President.—That is quite true. I am not considering at the moment the question of removing your difficulties. I am pointing out the Board's difficulty. The primary question before the Tariff Board is whether protection is necessary for the manufacture of steel. If we decide now that in our opinion it is necessary, then the question would arise as to what kinds of steel ought to be protected. If it were a kind of steel that Tatas' did not produce and had no intention of producing, there would be no difficulty as there would be nothing to protect: if it is a kind of steel that they are ready to produce and hope to produce in a comparatively short time, is it not a little difficult to adopt the plan of depriving them of their market to some extent by saying that firms which are going to use this particular kind of steel are to be allowed to import free of duty?

Mr. Banerji.—In Austria-Hungary we find that merchants who import steel sheets for manufacturing enamelled wares are to pay duty, but when the finished enamel goods are exported, they get the refund of the import duty which they have paid. That is, they get their steel free of duty and in the same way in our own country it can be done.

President.—There is a difference between the rebate of customs duty on goods for export and on goods which are going to be consumed in the country. The firm that is manufacturing for export has to pay the duty on imported raw materials and when it exports, the duty is taken off and it gets the rebate. That is often done and is quite common. But at present you don't propose to export enamel wares?

Mr. Banerji.—Not just now.

President.—So that hardly applies.

Mr. Banerji.—The time may come when we may export to some neighbouring countries.

President.—We must leave the future to look after itself. For the present we are concerned with something more immediate. After all, if protection is given to the manufacture of steel, it will mean that, unless the duties are levied, the Indian manufacturer of steel will not get a fair price for what he manufactures.

Mr. Banerji.—Yes.

President.—If that is to be the policy which is to be adopted, then the people who would naturally buy that steel from Tatas' cannot reasonably be allowed to buy it from outside without any duty at all. At least there is a difficulty, is there not?

Mr. Banerji.—Our difficulty is that unless we get cheaper steel sheets, we cannot compete with the imported goods.

President.—I understand that. I understand also that you would like to get the remission of the customs duty on the sheets you use, even supposing there was no question of protection of the manufacture of steel, at all.

Well, let us go to another aspect of the case. Do you find it necessary to sell your goods at a price lower than the price of the imported articles?

Mr. Banerji.—Yes.

President.—You have been obliged to do that?

Mr. Banerji.—Yes.

President.—In order to get hold of the market?

Mr. Banerji.—Yes.

President.—How far do the prices you have been getting cover your cost of production?

Mr. Banerji.—It almost covers our cost of production.

President.—Including overhead charges?

Mr. Banerji.—Yes.

President.—Take some typical article. I do not know what you are producing just now.

Mr. Banerji.—We are producing enamel sign-boards, hollow wares, such as tumblers, mugs, tea cups and saucers, douche cans, etc.

President.—What article do you produce most?

Mr. Banerji.—Mugs, tumblers, tea-cups, saucers, etc.

President.—What price are you getting for mugs?

Mr. Banerji.—We are selling at Rs. 2-8-0 per dozen.

President.—What would be the cost of the imported mugs?

Mr. Banerji.—About Rs. 2-12-0 or Rs. 3-0-0.

President.—If you get Rs. 2-12-0 or Rs. 3, would that cover your cost of production?

Mr. Banerji.—It would.

President.—So it is only a comparatively small difference.

Mr. Banerji.—Yes.

President.—When you get as nearly as that after a period of only nine months, you are not doing so badly. In getting to work a new industry like that, people find it difficult for a year or two to obtain any profit. Sometimes they have to work at a loss. If you are not so very far from covering your cost of production, especially with a very small outturn, the outlook is not unpromising.

Mr. Banerji.—We have not got yet the complete plant and as soon as we get it, our cost of production will be a little less and we can cover all these expenses, but if we are to pay a very high rate of import duty on the steel sheets, I do not know what will be our position.

President.—If the import duty is raised, there would undoubtedly be an increase in the cost of production. That is inevitable.

What is the gauge of the sheet you use?

Mr. Banerji.—From 24 to 30 generally but for special class of sign-boards we use heavier sheets.

President.—But I take it that there must be some limit to the market for sign-boards. Eventually when you are getting much larger production sign-boards will be a comparatively small part of your production. It will be mainly hollow-ware?

Mr. Banerji.—Yes.

President.—What price are you paying for the steel sheets you are purchasing?

Mr. Banerji.—Just now we are paying about Rs. 13 to Rs. 16 a cwt.

President.—If you find it necessary to get a higher quality of steel to be imported specially, what price would you have to pay?

Mr. Banerji.—We have got some quotations from English firms—£20 a ton.

President.—Is that f.o.b. price in England?

Mr. Banerji.—Yes. It comes to about Rs. 15 a cwt.

President.—Rs. 15 a cwt. in England and freight and so on will be additional. I think it will be something like Rs. 17 a cwt. landed at your works.

Mr. Banerji.—Yes. About that.

President.—In that case your cost of production would go up a little bit?

Mr. Banerji.—Yes.

President.—The point to be taken into account in connection with the cost of production is that, so long as you are not using imported sheets, you are not producing as good an article as you may be able to do later on. One has to remember that.

Mr. Banerji.—Yes.

President.—At present of course your overhead charges on your total capital of Rs. 60,000 must be small.

Mr. Banerji.—We shall secure more capital soon.

President.—If you go ahead. In connection with your plans for expansion have you considered what the total demand is likely to be for enamelled ware in India? It is a point of some importance you know. After all, owing to railway freights it is very unlikely that a manufactory in Calcutta would be able to compete with imported enamelled ware as far away as Madras or Bombay for instance.

Mr. Banerji.—That is a difficult question no doubt but for home consumption in Calcutta proper and Bengal Presidency and places like Burma——

President.—You have got to pay freight from Calcutta to Rangoon. That is a very heavy freight.

Mr. Banerji.—To-day in any business in India we have to meet all sorts of difficulties.

President.—But here, I am afraid, you are up against difficulties created by nature. You have got to send things to other places. That is a difficulty of nature which you cannot remove.

Mr. Banerji.—It can be removed by Government.

President.—You say you are going to produce enamel ware worth about Rs. 8½ lakhs. There are two other firms in Calcutta which manufacture enamel ware, one of whom has already come to us. Another will come to us this afternoon. Also there is a firm in Jamshedpur. The average value of importations into Calcutta from 1919-20 to 1921-22 is about Rs. 7½ lakhs. If one of these firms is going to produce more than the total importation it is difficult to see how they are all going to survive.

Mr. Banerji.—There will be keen competition.

President.—That seems so, but it is a point of some importance whether there is a market ready to take your goods.

Mr. Banerji.—We can supply to the neighbouring countries, such as Straits Settlements, Burma and other places where there are ample markets and we can fetch a better price from those markets.

President.—That may be so. But if you begin to compete in the Burma market this price may come down. You mention in your letter that there have been alarming reductions in the price of enamelled hollow wares imported from Japan and Germany. These alarming reductions might follow you to Burma if you send your ware there.

Mr. Banerji.—Certainly; there will be keen competition with imported goods.

President.—The point is really this. The production of enamel ware i not an elaborate process of manufacture like a good many others and it i conceivable that eventually the needs of India will be supplied by its ow factories, so that I doubt very much, even apart from foreign competition if a Calcutta factory would ever command more than the economic are controlled by Calcutta. Probably another firm might establish itself i Rangoon and owing to the advantage of being on the spot might be able t compete.

Mr. Banerji.—These are additional difficulties.

President.—All this is not the business of the Tariff Board but I thought it worth while to draw your attention to the fact. It does not look as if the market that you can command from Calcutta would really absorb the products which you intend to produce. Perhaps it would be less than your output.

If Government are unable to accept your proposal that the quality of steel sheet suitable for your enamel ware should be exempted from duty, then it would be necessary, you say, to impose an equally high import duty on foreign enamel ware, but I gather that you prefer that you should get the assistance you need by getting your raw materials cheaper rather than by a higher import duty on enamel goods.

Mr. Banerji.—Yes.

President.—Am I right in thinking that your main reason is this: that any substantial increase in the price of enamel ware would tend to reduce the demand? You are afraid that the market would grow smaller?

Mr. Banerji.—Yes.

President.—What would be the articles likely to compete with enamel ware if the price of enamel ware were raised substantially? After all, people will have to use something else if the price of enamel ware goes up.

Mr. Banerji.—Next is aluminium.

President.—Aluminium ware is manufactured at Madras at present. Is there any manufactory in Bengal?

Mr. Banerji.—There are about ten factories here.

President.—And you think that the people would begin to use aluminium ware rather than enamel ware?

Mr. Banerji.—Yes.

President.—How do the prices compare?

Mr. Banerji.—The price of aluminium ware is a little higher than that of enamel ware.

President.—Could you put a figure on that—how much per cent. higher?

Mr. Banerji.—About 10 per cent. higher than the enamel wares.

President.—So that if the increase in the price of enamel ware was less than 10 per cent. it would still be able to hold its own, but if the increase is more than that, you think that people would begin to use aluminium ware?

Mr. Banerji.—Yes.

President.—You have told us that the cost of steel in the enamel ware is about 40 per cent. of the total cost. As you konw the Tata Iron and Steel Co. have asked for an increase of duty from 10 to 33⅓ per cent. That would mean roughly an increase of about 20 per cent. on the present price, assuming that the price increased to the full amount of the duty. If the cost of your steel were raised by 20 per cent. that would mean that your costs would go up by about 8 per cent., so that, if the duty required on enamel were fixed on that basis, it would leave you in exactly the same position as you are at present?

Mr. Banerji.—The price of imported goods might go down.

President.—Do you apprehend a further fall in the price of enamel ware?

Mr. Banerji.—Yes.

President.—Will you tell us why you think so?

Mr. Banerji.—Because the price of imported enamel wares coming from Germany and Japan was about 40 per cent. higher a few months ago and just now it has greatly reduced, and the price might go down even more.

President.—Could you tell us what the fall in price in the last two months amounted to? Take some particular article and tell us what the fall in price was.

Mr. Banerji.—About 15 per cent. cheaper than it was before.

President.—Could you give us a concrete example?

Mr. Banerji.—From Germany it is coming very cheap.

President.—Take mugs for instance. You gave us the present price of the imported mugs at Rs. 2-12-0 a dozen. What was it two months ago?

Mr. Banerji.—It was about Rs. 3-4-0 per dozen about two months ago.

President.—I still do not quite understand whether you have any definite reason for thinking that this fall in price is likely to go on.

Mr. Banerji.—So far as we have understood the market, most of the German firms have not yet resumed their pre-war activity and, as soon as the full plants are in working order in Germany, I think there will be a great rush of German goods and thereby the cost will be greatly reduced.

President.—It may be perfectly true. It is quite a possibility but it is not so much that you have got definite information about it. It is merely a probability.

Mr. Banerji.—We have been actually marking this fall in price of the German imported enamel ware since the last two months, and from that we apprehend that the price will go down even more.

President.—How does the price of the enamel ware to-day compare with the price before the war? Have you enquired about it at all?

Mr. Banerji.—The price is still higher than the pre-war price.

President.—How much higher?

Mr. Banerji.—About 15 per cent. higher.

President.—Nobody knows what is going to happen in Germany. It is a very difficult question indeed but, the nearer you get to the pre-war price, the more probable it is that you are getting near the bottom and you cannot go very much lower. That was the only reason why I asked you about it. Of course, what may happen when Germany starts exporting on a large scale nobody can say.

Mr. Ginwala.—What is the present duty on enamel ware imported?

Mr. Banerji.—15 per cent.

Mr. Ginwala. You stated a little while ago that on your present output there is a turn over of about Rs. 85,000.

Mr. Banerji.—Yes.

Mr. Ginwala.—You say that the portion of steel in that is about 40 per cent., that is to say, out of 85,000 you will be spending about Rs. 30,000 on steel alone.

Mr. Banerji.—Yes.

Mr. Ginwala.—Is not that rather a high percentage?

Mr. Banerji.—It is, no doubt.

Mr. Ginwala.—Is that the usual percentage in your trade?

Mr. Banerji.—Just now we are getting like that.

Mr. Ginwala.—It seems to me rather a higher percentage than it ought to be.

Mr. Banerji.—We speak from our own factory figures. We have calculated it at 40 per cent. from our own factory figures.

Mr. Ginwala.—How does it compare with Japan where you learnt the manufacture?

Mr. Banerji.—There it is a little less as they employ a different kind of machinery. We are not employing that machinery so that the cost of production is a little higher here than in Japan.

Mr. Ginwala.—How much will you get on your total of Rs. 85,000?

Mr. Banerji.—About 15 to 20 per cent. we expect to get.

Mr. Ginwala.—I think there is some mistake there. The finished article is at least worth three or four times more than the cost of the raw material. You take, say, a gross of mugs imported of the same size as yours. What will be the import price of these?

Mr. Banerji.—Just now they are coming at Rs. 2-12 a dozen.

Mr. Ginwala.—On that there is a 15 per cent. duty?

Mr. Banerji.—No. This price includes duty.

Mr. Ginwala.—So without duty the price will be about Rs. 2-4-0 a dozen. Supposing it is imported merely as steel, the steel in that would be worth about 10 to 12 annas.

Mr. Banerji.—It would be about 14 annas.

Mr. Ginwala.—I shall put it this way. If there was an increase in the duty on steel of 10 per cent. would an increased duty of about 4 per cent. extra on enamel ware put you right, the proportion of steel only being 40 per cent.?

Mr. Banerji.—Yes.

Mr. Ginwala.—Will that affect your demand for the enamel ware—a duty of 4 per cent. extra *ad valorem?*

Mr. Banerji.—It will.

Mr. Ginwala.—It does not seem to be a very heavy duty.

Mr. Banerji.—It may not seem very heavy just now but it will be considered heavy afterwards.

Mr. Ginwala.—We are not talking of a very distant future. We are concerned with its effect in the reasonable future, say, two years. We do not know what may happen 5 or 10 years hence. Do you think that an increase of 4 per cent. duty would so very much affect the demand for enamel ware?

Mr. Banerji.—Just now it would not affect it.

Mr. Ginwala.—It is only after the German goods come into the country that you anticipate that the demand will be reduced. When that time comes it may be convenient to go into that question. But supposing the position remains the same as now, you do not anticipate that the demand will be reduced?

Mr. Banerji.—4 per cent. will not affect us greatly.

Mr. Ginwala.—Your principal competitors are, I take it, Germany, Austria and Japan. At present is there much competition from Austria?

Mr. Banerji.—Not just now so much. Already we are feeling the competition of German and Japanese goods.

Mr. Ginwala.—Who are the kind of people who use this enamel ware in this country?

Mr. Banerji.—Generally the poor people use more because the cost of enamel ware is less than the price of brass utensils.

Mr. Ginwala.—Is it that those people who generally use earthen ware use enamel ware?

Mr. Banerji.—Middle-class people also now use enamel ware to a greater extent owing to the high cost of brass utensils.

Mr. Ginwala.—You were talking of exporting your ware to Burma. Have you considered the question of freight? In the case of ordinary heavy articles the freight is said to be from Rs. 17 to 18 a ton. In your case it may possibly be twice as much. Having regard to that, do you think that it will be easy for you or anybody else manufacturing enamel wares to compete in Burma against the foreign manufacturer?

Mr. Banerji.—This business being quite new in this country we have to bear high expenses under different heads such as labour, and owing to these our total cost of production becomes high at present, but after some time our cost of production will be a little less because our workmen will be more efficient and the work will be managed in better ways and consequently we shall be able to produce a little bit cheaper than at present. Thereby we hope to be able to export even to Burma and other neighbouring places.

Mr. Ginwala.—In spite of the freight being very heavy against you?

Mr. Banerji.—Yes.

Mr. Ginwala.—Have you made enquiries in Burma about the demand?

Mr. Banerji.—There is a very large demand in Burma especially for enamel ware. Burmese prefer aluminum and enamel utensils. They do not use brass ware generally.

Mr. Ginwala.—When do you expect to produce this bigger output of yours?

Mr. Banerji.—Within a year from now or earlier.

Mr. Ginwala.—In that case you expect to bring down the cost of production on a bigger output? About how much will you be able to bring it down?

Mr. Banerji.—It will be cheaper by about 10 to 12 per cent.

Mr. Ginwala.—So it will give you a still bigger margin that you have now.

Mr. Banerji.—We hope so.

Mr. Ginwala.—What is the freight on the finished enamel ware, say from Hamburg?

Mr. Banerji.—The freight from Japan is 18 yens or about Rs. 26 for about 40 c.ft.

Mr. Ginwala.—Supposing you were dealing with mugs only; how many mugs will that mean?

Mr. Banerji.—About 160 dozen.

Mr. Ginwala.—According to you the c.i.f. price is Rs. 2-8-0 a dozen, so that that will cost about Rs. 400?

Mr. Banerji.—Yes.

Mr. Ginwala.—They will pay on that Rs. 60 as duty?

Mr. Banerji.—Yes.

Mr. Ginwala.—Rs. 400 will include Rs. 26 as freight, so that you get the advantage of Rs. 26 *plus* Rs. 60 as compared with the foreign manufacturer?

Mr. Banerji.—Yes.

Mr. Ginwala.—What is the freight from Germany?

Mr. Banerji.—I do not know, but I think it is almost the same as from Japan.

Mr. Ginwala.—The freight between Calcutta and Burma would be about the same, so that adding Rs. 26 on this do you still think you will be able to compete?

Mr. Banerji.—We can compete even then.

Mr. Kale.—You spent about five years in Japan. Why did you take up this particular industry?

Mr. Banerji.—I found some opportunity to learn this industry.

Mr. Kale.—Were you given a scholarship?

Mr. Banerji.—Yes, by the Science Association.

Mr. Kale.—When you went out did you think there was an opportunity for this industry in India and that on your return you would be able to help this industry?

Mr. Banerji.—Yes.

Mr. Kale.—Did you think there would be a sufficient demand for the goods that you could turn out?

Mr. Banerji.—Yes.

Mr. Kale.—Do you think there is a growing market for enamelled ware in India?

Mr. Banerji.—Yes.

Mr. Kale.—Do you think it would be possible to educate the people in the use of enamelled ware?

Mr. Banerji.—The consumption of enamelled ware is daily increasing in India owing to the increase in the price of brass utensils.

Mr. Kale.—Do the poorer people use it as a luxury?

Mr. Banerji.—No, as a necessity.

Mr. Kale.—Is it a substitute in many cases for earthen ware and brass ware?

Mr. Banerji.—Yes, for brass ware.

Mr. Kale.—The poorer classes use earthen ware for domestic purposes; do you think enamelled ware will take the place of earthen ware?

Mr. Banerji.—Yes, in future when we are able to produce these at a still cheaper cost.

Mr. Kale.—Your jugs, mugs and other things will be used by the poorer classes you think?

Mr. Banerji.—Yes.

Mr. Kale.—So that even if there were four such factories all of them would be able to dispose of their goods?

Mr. Banerji.—Yes.

Mr. Kale.—The result will be a reduction in price and a still further increase in the consumption?

Mr. Banerji.—Yes.

Mr. Kale.—You have told us in your statement that on account of the poverty of the people in India, the interest of the consumer will have to be taken into account. Do you mean to say that enamelled ware should be made as cheap as possible in the interest of the poorer classes?

Mr. Banerji.—Yes.

Mr. Kale.—Do you think enamelled ware is better than earthen ware or brass ware for the poorer classes?

Mr. Banerji.—It is, economically.

Mr. Kale.—What is the durability of enamelled ware as compared with brass ware?

Mr. Banerji.—The enamelled ware does not last longer as compared with brass utensils, but at the same time the price is about 200 per cent. cheaper.

Mr. Kale.—Take a brass tumbler; the price is three times that of an enamelled tumbler; do you think the enamelled tumbler will last one-third of the time of the other one?

Mr. Banerji.—Yes, that is so.

Mr. Kale.—How long does enamelled ware last?

Mr. Banerji.—It does not last more than a year; some of course which are of a much better quality last longer.

Mr. Kale.—So, looking to the poorer consumers, do you think it will be beneficial for them that they should use such commodities as do not last long? In the long run it is not cheapness.

Mr. Banerji.—When the price gets cheaper then of course the consumption will be greater as compared with other utensils.

Mr. Kale.—Do you put it on this ground that the poorer classes will not be able to buy brass utensils at all and it is much better for them to have enamelled ware rather than to go in for earthen ware or any other things?

Mr. Banerji.—Yes.

Mr. Kale.—A question was put to you with regard to the agreement between the Tata Iron and Steel Company and another Enamel Company and you said that they would be in a more favourable position than you are. Will it not be possible for you to contend that, if protection is granted to the steel Industry, the Tata Company should not discriminate between one factory and another?

Mr. Banerji.—They should not, of course, but if they do we shall have no discretion.

Mr. Kale.—Is it your view that although such an agreement may have been made between the Tata Company and some other firms, if protection is granted in the interest of the steel industry, the Tata Iron and Steel Company should not be placed in a monopolistic position so far as one firm is concerned?

Mr. Banerji.—Yes, that is our contention.

Mr. Kale.—If no remedy is found that way, then you would propose classification?

Mr. Banerji.—Yes.

Mr. Kale.—And after classifying the various kinds of steel imported into the country you would like the particular kind of steel you use to come in free or at a lower rate?

Mr. Banerji.—Yes.

Mr. Kale.—Are you aware of any other industry which uses the same kind of plates that you are using? If there is any, it will be very difficult for the customs people to distinguish the exact kind of plates that you use.

Mr. Banerji.—Trunk manufacturers use thin steel sheets but they do not require exactly the same kind of mild steel sheets that we use.

Mr. Kale.—Do you think it possible specifically to distinguish the plates you require from the plates used by trunk manufacturers?

Mr. Banerji.—There will be no difficulty as the plates used by the enamel industry are very soft. There is a special mode of manufacturing this steel.

Mr. Kale.—Is it solely manufactured for enamel manufacturing purposes?

Mr. Banerji.—I think so.

Mr. Kale.—When you say that a special case should be made of the steel you are using, Government should be in a position to know if there are other industries which use this steel. Are you sure that it will be a practical proposition to distinguish this from other steel?

Mr. Banerji.—When it is a special quality we do not think there will be any difficulty. Even in the documents it is distinctly mentioned that these are for such and such a purpose and I don't think there can be any difficulty.

Mr. Kale.—What is your method of sale? To whom do you sell your goods?

Mr. Banerji.—To the bazar people; sometimes to middlemen and sometimes directly to the consumer.

Mr. Kale.—Have you got a shop in your factory?

Mr. Banerji.—We have got a godown attached to our office and some people come direct to us and buy.

Mr. Kale.—You sell to Calcutta people as well as to the mufassal?

Mr. Banerji.—Yes.

Mr. Kale.—In what part of Bengal in particular?

Mr. Banerji.—We sell a large quantity of our goods in Eastern Bengal.

Mr. Kale.—Does the present price you receive cover your cost of production? That does not include any profit?

Mr. Banerji.—There is some little margin of profit.

Mr. Kale.—Is that enough to enable you to carry on?

Mr. Banerji.—Not in the present stage, but as soon as we produce more we shall be able to get a bigger margin.

Mr. Kale.—It may be possible to spread your cost over a larger quantity?

Mr. Banerji.—Besides that we can increase our production by means of improved machinery.

Mr. Kale.—So to-day you are not getting a market rate of dividend so to say?

Mr. Banerji.—That is our situation.

Mr. Kale.—What is the total amount of workmen that you are employing?

Mr. Banerji.—It is very small at present; it will be about 75 to 80 when we complete our works.

Mr. Kale.—What kind of workmen will these be?

Mr. Banerji.—Some skilled workmen are required. We are training that kind of people. I may point out that we do not get trained men here and that is a reason why our costs are higher.

Mr. Kale.—From what class do you recruit your workmen?

Mr. Banerji.—From the middle and the lower classes.

Mr. Kale.—Are there any among these people who have been connected with the manufacture of metals?

Mr. Banerji.—Some of them are.

Mr. Kale.—Has that training been found useful?

Mr. Banerji.—The aluminium manufacturing people are useful for our manufacture. They will be able to learn our work more easily and quickly than others.

Mr. Kale.—What is the daily wage?

Mr. Banerji.—From Re. 1 to Rs. 3 according to the quality of their work.

Mr. Kale.—How long does it take to educate a man?

Mr. Banerji.—It will take about three months.

Mr. Kale.—So that it will be possible to reduce your cost of production after these men are trained?

Mr. Banerji.—Yes.

Mr. Kale.—You hope there will be a margin of profit but any increased duty on your raw materials will increase your cost of production. Suppose there is no increase on your raw materials, you do not want any protection? When you are handicapped by an increased price of your raw materials then only you will require protection and thus make up for the increased cost of production to the extent that your price of raw materials will be increased by an increase in the import duty?

Mr. Banerji.—Yes.

Mr. Kale.—What is your apprehension in the near future? There may be an influx of cheap goods from Germany or Austria, but that will be an exceptional thing. I am speaking of normal conditions. Under normal conditions you do not want special protection. From the account you have given, when your works are completed you will be able to have a small margin of profit to enable you to carry on, so that in the nature of things you do not want any protection?

Mr. Banerji.—No.

Mr. Kale.—You have referred to certain privileges that are enjoyed even by the most commercially advanced countries, *e.g.*, Germany or Austria-Hungary. Is there anything on which it is possible for the Indian Government to give you protection?

Mr. Banerji.—Yes, for such chemicals as borax and other raw chemicals we get from abroad.

Mr. Kale.—What is the duty you are paying?

Mr. Banerji.—15 per cent.

Mr. Kale.—Would you ask for exemption from duty?

Mr. Banerji.—If these are exempted it will be to our benefit.

Mr. Kale.—Suppose borax and other raw materials which are used in your industry are allowed to be imported duty free, in that case to what extent will your cost of production be reduced?

Mr. Banerji.—By about 10 to 15 per cent.

Mr. Kale.—Are there any other articles the exemption of duty on which will reduce the cost of production?

Mr. Banerji.—Cryolite; we import this from England.

Mr. Kale.—Suppose the duty on all these articles is removed, do you think the cost of enamelled ware will be reduced?

President.—I think it is better to ask for a statement.

Mr. Kale.—If you send in a statement to us showing how exemption from import duty of the various raw materials which you have mentioned will lead to a reduction of cost of production it will be useful.

Mr. Banerji.—Yes, we will send you one.*

Mr. Mather.—You have told us when your factory is extended and you are able to use more materials, you intend to import your steel sheets of the special quality you require and to pay higher rates than you are at present paying for the sheets that you use from the bazar. What sort of defects have these bazar sheets shown?

Mr. Banerji.—In one bundle a few pieces are found all right and others are defective; some have black spots, some have cracks.

Mr. Mather.—Chiefly surface defects?

Mr. Banerji.—Yes. There is also some defect in pressing. The bazar quality is generally very hard and in pressing all pieces do not come out correctly.

Mr. Mather.—You think it will pay you to give higher prices for the imported quality?

Mr. Banerji.—Yes.

Mr. Mather.—You tell us that if Government find it inevitable to raise the tariff rates on steel, they can still classify it according to thickness. You have said to the President that you chiefly use steel sheets of 24 to 30 gauge. I suppose you are aware that large quantities of black steel sheets are used for other purposes?

Mr. Banerji.—Steel trunk manufacturers and bucket manufacturers also use that class of steel.

Mr. Mather.—If you are able to satisfy the Board and Government that you ought to receive special treatment in case the increased duty is put on steel, it would not really be possible for Government merely to say that black sheets of 24 to 30 gauges shall be exempted from the duty; that would affect a lot of other steel articles.

Mr. Banerji.—Yes.

Mr. Mather.—Therefore the discrimination by thickness alone would not be practicable.

Mr. Banerji.—We only require very soft quality and that quality can not be used either for bucket or steel trunk manufacturing purpose.

Mr. Mather.—Are you sure that it cannot be used for any other purpose?

Mr. Banerji.—It can be, but that will not be to their advantage. They require hard quality and we require soft quality.

Mr. Mather.—There are a good many purposes for which soft black sheets can be used. In some cases it is advantageous to have the soft quality and in some other cases it does not matter very much which quality is used. If they could import the soft quality either free of duty or at a low rate of duty, they would certainly import the soft quality rather than the hard quality. They would get behind such protection as the Board might recommend and Government might adopt. In any event, do you think that it will be practicable for the customs officials when these shipments come in to differentiate between this quality and other qualities?

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* *Vide* Statement II (*b*).

Mr. Banerji.—I think that the prices of hard and mild sheets will be different. Further we don't think that the soft quality will suit them.

Mr. Mather.—It is possible to buy locally black steel sheets of the ordinary quality. Therefore there are merchants in India importing black steel sheets. Actually they do import large quantities into India and if the arrangement was that the enamelling quality was to come in at a lower rate of duty than others, then some merchants here might instruct the manufacturers at home and abroad to invoice their goods as enamelling sheets. In that case I don't think that it would be practicable for the customs authorities to find out. Do you think it would?

Mr. Banerji.—There might be some inconvenience, but at least 30 gauge sheets which are very thin can be classified easily, and these will not be used either by the bucket or steel trunk manufacturer.

Mr. Mather.—But other people might use them.

Mr. Banerji.—We don't think that there is any other industry like that in India just now.

Mr. Mather.—Black steel sheets are used for miscellaneous purposes in engineering works.

Mr. Banerji.—We don't know what quality they use.

Mr. Mather.—As far as I can see at present, unless you can give me additional information, I don't think that it would be practicable for the customs authorities to differentiate between the kind of steel you want and other sheets, either as regards thickness because there are other people using the same thickness, or as regards quality because the customs authorities are not in a position to test the quality and differentiate between your quality and others at the port.

President.—The point has been put to you quite clearly. It is for you to say whether you have anything more to say about it. Perhaps you would like to think it over and if you have anything more to say, you will please write and tell us.*

Mr. Banerji.—Yes. In this connection I want to say one thing. For the raw materials that we use in the enamel industry, if special privilege is given in the matter of import duty, it will be a great concession.

Mr. Mather.—Raw materials such as Borax?

Mr. Banerji.—Yes.

President.—You told us that if the new plant was fitted up, your full production would be about Rs. 3,000 a day.

Mr. Banerji.—On an average, yes.

President.—You said you would be using 10 tons of steel. Was that for a month or week or what?

Mr. Banerji.—For a month.

President.—If we take it per month, the value of the outturn per month of 24 days would be Rs. 72,000.

Mr. Banerji.—Yes.

President.—10 tons is the quantity of steel you would be using and you pay at the rate of Rs. 13 to 16 a cwt.

Mr. Banerji.—That is the bazar rate.

President.—Take it at the highest—even at Rs. 17 a cwt.; that will be Rs. 340 a ton.

Mr. Banerji.—Yes.

President.—For the 10 tons, it will cost you only Rs. 3,400, whereas the value of your outturn will be about Rs. 72,000. There is something wrong evidently. Even if it is per week, instead of per month it is still wrong. It would be far better if you would revise your statement, work the figures out accurately and let us have it. On this point we want to know the percentage on an average the cost of steel bears to the finished product and we want to know what your consumption of steel would be on the basis of the full outturn on your present works and the full outturn on your extended works, and also we want to know the approximate total value of the outturn on your present works and on your extended works.

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* *Vide* Statement II (*a*).

*Mr. Banerji.—Yes, we will send it to you.**

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* *Vide* Statement II (*c*).

No. 16.

The Bengal Enamel Works, Ltd., Calcutta.

Written Statement.

Statement I.—Original representation of the Bengal Enamel Works, Ltd., Calcutta, to the Tariff Board, Calcutta, dated the 21st September 1923.

Enclosed please find 6 copies of a representation we wish to make before the Tariff Board regarding protection for the enamel industry. We shall be obliged by your kindly doing the needful in the matter. Please note that as the main department of our factory, *viz.*, enamel hollow-ware department, is yet under construction and the workmen now engaged in sign board manufacture are not yet fully trained we cannot figure out the probable cost of our products in hollow-wares at this stage, with accuracy. But from our short experience in the past and in view of the persistent fall in the price of Japanese and Austrian enamel wares, since the war, we are strongly of opinion that this industry cannot succeed in India unless it receives some assistance in its infancy. We have based our claim for protection on this conviction.

Letter from the Bengal Enamel Works, Ltd., Calcutta, to the President, Tariff Board, Calcutta, dated the 21st September 1923.

We beg to place before the Tariff Board the following for their consideration, in the hope that it may be found possible to do something to help the growth of this new industry in India.

About 2 years ago we started on a small scale the production of enamel sign boards using for our purpose, mild steel sheets available in the local markets which, however, were imported primarily for the manufacture of steel trunk, etc. These sheets led to many rejections in our process of manufacture, since, in spite of the most careful selection, a large percentage of the sheets put into our furnaces used to develop awkward blisters and other defects. We have therefore discontinued the use of these sheets and are now importing a special kind of mild steel sheets from abroad suitable for enamel industry at a considerably higher cost which will appear from the following table:—

B. W. G.	Market price of M. S. sheets in Calcutta Rs. per cwt.	Cost of M. S. sheets suitable for enamelling as imported by us Rs. per cwt.	REMARKS.
17 to 24	Rs. 10 4 0	Rs. 17 8 0	
25 to 28	Rs. 13 8 0	Rs. 20 0 0	

At present, mild steel sheets are not being manufactured in India nor is the special quality suitable for enamel industry likely to be produced in any Indian factory in the near future. Japan still imports from foreign countries all the steel sheets she uses in her enamel industry.

The above and other disadvantages under which we had to work, led to a net loss of Rs. 11,824-6-7½ in our last balance sheet.

This year we have removed our factory to a more spacious premises at Palta, Eastern Bengal Railway (16 miles from Calcutta) and are installing there complete machinery for the manufacture of enamelled steel hollow-wares. When these machinery are in working order the consumption of the special steel sheets which we import for our own use, will increase largely.

Besides this, as soon as our plants are ready we shall have to import considerable quantities of Borax and other chemicals for the manufacture of the enamel glaze required for our use, which we were so long importing from abroad, on payment of an import duty of 15 per cent.

In view of the alarming reductions in the prices of the imported enamel hollow-wares and the high cost of our production we are afraid we shall not be able to hold our own against foreign competition unless we get the benefit of protection in some shape or other.

We do not press for any increase in the present duty of 15 per cent. on imported enamel goods, as it will adversely affect the poor consumers, and consequently, the sale of enamel wares generally. While keeping the import duty as it is, a real assistance may be given to this struggling new industry by enabling it to lower the cost of its production. This may be done by allowing us and also other enamel factories, which may, in the opinion of the Local Government, deserve this concession, to import free of import duty the following articles, *viz.*:—

1. Special mild steel sheets required for enamel industry.
2. Chemicals required for enamel industry.

The above concession will not affect Government revenue in any appreciable degree, while it will give a great impetus to a new industry which bids fair to prove successful in India if it is not crushed in its infancy by foreign competition.

Trusting the above will be favourably considered by your Board.

Statement II.—Letter from the Bengal Enamel Works, Ltd., Calcutta, to the Secretary, Tariff Board, Calcutta, dated the 3rd October 1923.

In reply to your letter, dated 26th September, we beg to submit the following particulars for the consideration of the Tariff Board.

1. As soon as the machinery are in working order we expect to consume about 1½ ton steel sheets daily or about 500 tons annually. When all our workmen are fully trained we expect to consume about 1,000 tons annually.

2. We now import the steel sheets from the United States Steel Product Company of New York, United States of America.

3. We order out steel sheets specially suited for deep stamping, drawin and enamelling with vitrious enamels in red hot furnaces, and depend on th makers to supply the right quality.

4. We asked the Tata Iron and Steel Company for these Steel sheets bu they were not making them. In a recent letter they say that their plant fo steel sheets will be ready some time next year but they do not definitel say whether they will be able to make the quality we want, nor if it wil be worth their while to take up the manufacture of a special quality on suc a small order as ours.

5. Steel sheets used by us are of a much smoother finish than what i generally imported for other trades. The Customs authorities may have som difficulty in differentiating between these sheets, initially, but it will dis appear when an appraiser shall have examined a few cases and got accus tomed to the difference.

Statement III.—Letter from the Bengal Enamel Works, Ltd., to the Pres dent, Tariff Board, dated the 5th December 1923.

We beg to enclose herewith copies of the correspondence which passe between ourselves and Messrs. Tata Iron and Steel Company, Limited, sinc our representatives gave evidence before the Board. It will appear that w asked them to "let us know the terms and rates on which they would like to enter into a contract for the supply of steel sheets required for our *Enamel Factory*" to which they have replied that "*they are at the present time unable to give us any idea as to the terms and rates governing the* supply of steel sheets required *by us*."

This reply, in the light of the fact that they have already entered into a contract with another Enamel Factory to supply their steel sheets at a specially favourable rate and in view of the increase they are demanding in the import duty on steel sheets, is particularly ominous to us.

If they succeed in their claim, there is nothing to induce us to believe that they will not take advantage of the rise in the price of imported sheets in the market, while entering into a contract with us, and the consequence will be disastrous to us in two ways.

1. Our increased cost of production will make it impossible for us to stand competition with imported enamel-wares.

2. The special advantage given to a rival enamel factory in India will make our existence precarious. The difference between their cost of production with duty-free steel sheets obtained at their contract rates already fixed, and our cost of production with steel sheets bearing an import duty of 33⅓ per cent. or its equivalent charged by the Tata Iron and Steel Company will be enormous.

We would draw the special attention of the Board to this inevitable consequence if our interests are not properly safeguarded before the protection demanded by the Tata Iron and Steel Company, Limited, is granted.

With reference to the questions put to our representatives by Professor Kale and Mr. Mather regarding dumping, etc., by Germany and Japan we have since made further investigations and from informations at hand, we are now in a position to state that Japanese manufacturers at the time of exporting their goods get a rebate from the state, of the full amount of duty that may have been paid on any imported raw materials used in the production of those goods. This must have a considerable effect on the export price of their goods and no doubt accounts for the cheapness of their enamel-wares in our markets, at least to some extent.

It is quite clear from the above that we have to compete in our own markets with foreign enamel-wares in the production of which the foreign manufacturer has used duty-free raw materials and chemicals. It is in the fitness of things therefore that our Government should enable us to have our chemicals and other raw materials duty-free and thus place as on terms of equal advantage with our foreign rivals.

This can be quite easily done by what we suggested to the Tariff Board in our oral evidence, *viz.*, by giving us a rebate of whatever duty we may have paid on steel sheets and chemicals actually used in our workshop.

It will appear from our list of raw materials appended to this letter that the progress of our industry will lead to the development of a number of the mineral resources of India. Besides it possesses natural advantages in the abundant supply of coal and cheap labour in India.

In these circumstances, we believe, we may justly claim assistance and protection at the hands of Government. To this end we would press for a full rebate of the amount of duty we may have to pay on the steel sheets and chemicals actually used in our factory. This will serve the double purpose of counterbalancing the disadvantage under which we have to compete with our foreign rivals in our own market and also providing an adequate safeguard to our interest in case the Government sees its way to enhance the duty on steel to 33⅓ per cent.

Enclosure to Statement III.

Copy of correspondence with the Tata Iron and Steel Company, Limited regarding supply of steel sheets for our use.

The 5th October 1923.

From—Bengal Enamel Works, Ltd., 55, Canning Street, Calcutta,
To—The Tata Iron and Steel Co., Ltd., Jamshedpur.

Re *steel sheets suitable for deep stamping and enamelling.*

Referring to your letter No. S.-11256, dated 1st September 1923, we would enquire if you can give us any assurance of being able to supply us with the special quality steel sheets we require for our enamel factory, as soon as your Sheet Mill is ready next year. If you could give us an idea as to when we might get our supply from you we would make arrangements accordingly. We would go in for about 200 tons sheets (17 to 28 B. W. G.) in one year and we expect our consumption to increase from year to year. If you can offer this quality and quantity, say next year, we would be glad to know the terms and rates on which you would like to enter into a contract for the supply of our requirements.

Awaiting the favour of an early reply.

The 10th October 1923.

From—The Tata Iron and Steel Co., Ltd., Jamshedpur,
To—Bengal Enamel Works, Ltd., Calcutta.

Re *steel sheets suitable for deep stamping and enamelling.*

We wish to acknowledge, with thanks, receipt of your letter of the 5th instant on the above subject, and in reply to say that we expect to start operating our Sheet Mills some time about the middle of 1924. We do not anticipate any trouble in regard to furnishing sheets of the size or quality required, but we are unable at the present time to give you any idea as to the terms and rates governing the supply of steel sheets to you.

Statement No. III(a).

Sale proceeds from enamel signs and name plates manufactured by us between 1st January 1923 and 30th September 1923 (including about twelve weeks of interruption for removing factory and furnaces to new premises at Palta from old site) (roughly) Rs. 6,750.

Statement No. III(b).

Main chemicals required for working 450 tons of black sheet: at the rate of 1¼ ton a day, for 300 working days in the year:—

Item.	Quantity.	Rate c.i.f. Calcutta *plus* import duty, etc.	Amount.
	Tons.	Rs. A. P.	Rs.
Borax and boracic acid . . .	85	700 0 0 per ton.	59,500
Felspar, ground	80	140 0 0 per ton.	11,200
Fluorspar . . .	25	244 0 0 per ton.	6,100
Soda Ash	50	185 0 0 per ton.	9,250

Item.	Quantity.	Rate c.i.f. Calcutta *plus* import duty, etc.			Amount.
	Tons.	Rs.	A.	P.	Rs.
Cryolite	30	1,050	0	0 per ton.	31,500
Antimony	20	605	0	0 per ton.	12,100
China clay	20	201	0	0 per ton.	4,020
Cobalt oxide	1⅓	10	7	0 per lb.	31,175
Copper oxide	1	77	8	0 per cwt.	1,550
Manganese dioxide	½	18	0	0 per cwt.	180
Sodium nitrate	18	15	0	0 per cwt.	5,400
Sand and Quartz (local)	125	25	0	0 per ton.	3,125
	456				1,75,100

Raw materials, (Main) 456 tons, less shrinkage 20 per cent. to 25 per cent. = 360 tons. Cost of 360 tons of raw materials = Rs. 1,76,000 or Rs. 490 per ton.

Cost of 1 ton finished enamel glaze.

	Rs.
Chemicals, as shown above	490
Coal, 2 tons for 1 ton of glaze	28
Crucible, 1½ tons per crucible	30
Establishment	15
	563

or annas 4 per lb.

Finished glaze required for 450 tons sheets—361 tons.

Statement No. III(c).

Cost of production calculated with one standard item—30 c.m. Wash Basin (on the basis of a day's work).

1½ tons black sheet will produce 3,000 pieces circles for 30 c.m. basins, and will yield after allowing for a rejection of 10 per cent. in the finished goods 2,700 pieces or 225 doz.

Cost—

	Rs.	A.	P.
Black sheet, 1½ tons @ Rs. 17 per cwt.	510	0	0
Glaze, 2,700 lbs. @ annas 4 per lb.	675	0	0
Machine room mechanics @ Rs. 600 a month	20	0	0
Grease burning, cost of power, etc., as below—			

	Rs.	A.	P.	Rs.	A.	P.
Grease burning	7	0	0	18	8	0
Oil for engine, 2 cwt.	8	0	0			
Mistry	2	0	0			
2 coolies	1	8	0			

	Rs.	A.	P.
Furnace room—			
6 furnaces @ Rs. 410 per furnace per month .	82	0	0
Coal, 6 tons @ Rs. 14 per ton . .	84	0	0
Pickling—			
200 lbs. acid @ annas 2=Rs. 25 4 men and one in-charge Rs. 4	29	0	0
Establishment—			
Rs, 1,200 a month	40	0	0
Depreciation of plant—			
10 per cent. on 100,000 roughly . . .	30	0	0
	1,488	8	0

That is, cost per doz., Rs. 6-10.

Statement No. III(d).

Statement showing how the prices of some typical enamel-wares have fallen since June—July 1922.

Articles.	c.i.f. prices in June-July 1922 per doz.	c.i.f. prices in Sept.-Oct. 1923 per doz.
Wash Basins. 30, 32, 34 C.M.	Rs. 11 to Rs. 12	Rs. 8 to Rs. 9 30 C.M. Rs. 7 32 C.M. Rs. 8 average Rs. 8 34 C.M. Rs. 9
Wash Basins. 36, 38, 40 C.M.	Rs. 15 to Rs. 16	Rs. 11 to Rs. 12
Rice Bowls. 24, 26, 28 C.M.	Rs. 6-8-0 to Rs. 7	Rs. 4-14 to Rs. 5-4
Commode Pots. 26, 28, 30 C.M.	Rs. 38 to Rs. 40	Rs. 28 to Rs. 30

Statement No. III(e).

Comparison of prices of some articles to be manufactured by us with those of aluminium articles of the same kind.

Articles.	Market price for enamel ware per piece.	Market price for aluminium ware per piece.
$\frac{3}{4}$ pint tumblers	Seamed As. 5 Unseamed As. 8	Unseamed As. 5
26 C.M. soup plate or thali.	As. 5	As. 6 to As. 7

Statement No. III(f).

Statement showing freight paid on some typical enamel hollow-wares from Japan and the relation it bears to the cost of the articles.

The freight from Kobe to Calcutta per ton of 40 c.ft. is Yen 1,300 or Rs. 19-8-0.

Articles.	Cost per doz.	Quantity packed in a case.	Oceanfreight per case.	Ocean freight per doz.	Relation between cost and freight.
26 C.M. soup plates.	Rs. 3-12	25 doz. in a case of about 5 c.ft.	Rs. 2-7	As. 1-6$\frac{3}{5}$	about 2·5 per cent.
24, 26, 28 C.M. rice bowls.	Rs. 5	15 doz in a case of about 5 c.ft.	Rs. 2-7	As. 2-7$\frac{1}{5}$	about 3 per cent.
30, 32, 34 C.M. wash basins.	Rs. 12	12 doz. in a case of about 5 c.ft.	Rs. 2-7	As. 3-3	about 1·7 per cent.

Oral evidence of Messrs. D. N. BHATTACHARYA, M.A., and D. BHATTACHARYA, M.Sc., representing the Bengal Enamel Works Limited, recorded at Calcutta on the 4th October 1923.

President.—When was the Bengal Enamel Co. established?

Mr. Bhattacharya.—It was in April 1921.

President.—Where were your works to begin with?

Mr. Bhattacharya.—At Narkuldanga near Calcutta.

President.—What sort of enamel-ware did you produce to begin with?

Mr. Bhattacharya.—Sign-boards. (Here the witness showed the President and the members a sample of the boards they make.)

President.—These are the only things you made to begin with?

Mr. Bhattacharya.—Yes.

President.—What is the capitalisation of the company?

Mr. Bhattacharya.—Rs. 2 lakhs.

President.—Have you got a copy of your report* with the balance sheet attached?

Mr. Bhattacharya.—We will send it to you later.

President.—When did you decide that you would move your works to Palta?

Mr. Bhattacharya.—It was about last year.

President.—In 1922?

Mr. Bhattacharya.—Yes.

President.—I understand that you new works are under construction, are they?

Mr. Bhattacharya.—Yes.

President.—What was the main reason for erecting new works in a new place?

Mr. Bhattacharya.—We thought of manufacturing hollow-wares.

President.—Things like plates, basins and so on?

Mr. Bhattacharya.—Yes. The plot of land we had in Narkuldanga was not quite sufficient for that and so we got bigger premises at Palta. It is our own land.

Mr. Ginwala.—Where is this place?

Mr. Bhattacharya.—Palta is near Barrackpore where the Calcutta Water Works are situated. It is just close to the railway station of Palta.

President.—Did the erection of new works involve any increase in the capital of the company?

Mr. Bhattacharya.—No. We started with two lakhs, but we did not employ the full amount. Now we have got the balance and finished the construction of the new works. This will require, including the working capital, the full amount of the capital.

President.—With the two lakhs you expect to be able to complete your new works?

Mr. Bhattacharya.—Yes, and to carry on the business.

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* Not printed.

President.—Then are you still going on at present in your old works?

Mr. Bhattacharya.—Yes.

President.—You are only making enamel sign-boards at present?

Mr. Bhattacharya.—Yes.

President.—Can you give us any figures as to your outturn during the last year or for any period which will give us some sort of idea as to how much you can do?

Mr. Bhattacharya.—In our last balance sheet of 31st December 1922—that was the last balance sheet published—we have shewn that our finished goods were worth a little over Rs. 4,000, but then our workmen were not trained. They were just being trained and the industry was not fully organised. We did not get any workmen from any other place. Our Works Manager was training our workmen here. Now we have not as yet struck up a Balance Sheet. This will be done in December this year.

President.—But can you give me any idea as to the value of your production for the first nine months of the current year or the first six months?

Mr. Bhattacharya.—We cannot give you just now. Moreover we had some interruption too in transferring the works from Narkuldanga to Palta.

President.—Have you transferred your works, and are you now working at Palta?

Mr. Bhattacharya.—Yes.

President.—Since when?

Mr. Bhattacharya.—For the last three months.

President.—Have you begun to manufacture any of the enamelled steel hollow-wares?

Mr. Bhattacharya.—No. The machinery has just been set up and we have not started the engines and other things.

President.—If you can give me the value* of your outturn for the first six months of the year and also approximate figures with it, it will be better because we can then judge the scale on which you are operating?

Mr. Bhattacharya.—Yes, we will give you that.

President.—You have told us that you expect, when your works at Palta are in working order, to consume some 500 tons of steel sheet annually.

Mr. Bhattacharya.—Yes.

President.—And when your workmen are fully trained you expect to consume about 1,000 tons?

Mr. Bhattacharya.—Yes.

President.—Can you give me any idea as to the wastage in the process of manufacture, that is to say if you make use of 100 tons of steel sheets, can you give us the approximate weight of your finished products?

Mr. Bhattacharya.—We generally calculate our wastage at about 10 per cent.

President.—Out of 100 tons of steel sheets, you expect 90 tons of finished products?

Mr. Bhattacharya.—Yes.

President.—Can you give me any idea as to the value of your products per cwt. or ton?

Mr. Bhattacharya.—When they are manufactured, they don't sell by weight. We can give you the figures at which the finished products are sold in Calcutta.

President.—Let me put it this way. Trade returns do not show in quantities the importation of enamelled hardware. They show only the value.

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* *Vide* Statement No. III (*a*).

Unless we can ascertain in some way the relation between the value and the quantities, it is impossible for the Board to form any opinion as to the proportion of the Indian consumption that you are likely to supply.

Mr. Bhattacharya.—We can give you some idea of the finished products* we expect to manufacture and also the quantity of raw materials we will consume in turning out those goods. That will help the Board.

President.—Your raw material according to the figures you have given is going to cost Rs. 340 or 400 a ton.

Mr. Bhattacharya.—That is only for steel sheets and then there are chemicals.

President.—Never mind about chemicals. Take some standard product and ascertain how many of that product go to a cwt. If you know the value of the product, you get an approximate figure. It cannot be an accurate one, but it will be useful to us all the same. If you get to the stage of using 1,000 tons of steel sheets annually, it would mean a pretty considerable proprotion of the total demand.

Mr. Bhattacharya.—We could calculate.†

President.—According to the import figures of 1920-21, the value is something like Rs. 43 lakhs, and in 1921-22 Rs. 20 lakhs.

Mr. Bhattacharya.—We have calculated that for one standard product—and if we are going to make that only, so much will be the consumption of steel sheets and so much will be the value realised out of the sale proceeds. As soon as our machinery is in full working order, we would be producing six lakhs worth of goods, *i.e.*, for 500 tons of steel sheets.

President.—Wait a minute. Your steel sheets will cost you a sum of Rs. 3½ to 4 lakhs for 1,000 tons of steel sheets?

Mr. Bhattacharya.—We have taken only 500 tons.

President.—My point is this. For the steel sheets you use, you will have to pay Rs. 3½ to 4 lakhs and if the value of your outturn is to be taken at about Rs. 6 lakhs then the balance must cover all your other materials, the cost of manufacture and the profit you are going to make.

Mr. Bhattacharya.—Excuse me. If you take 1,000 tons of steel sheets, the value of the goods turned out will be Rs. 12, lakhs.

President.—I see. Then the principal raw material you require for the enamel-ware is steel sheet?

Mr. Bhattacharya.—Yes.

Mr. Ginwala.—What is the price of steel?

Mr. Bhattacharya.—It is Rs. 340 to 400 a ton.

President.—You have told us to begin with you purchased imported sheets in the bazar.

Mr. Bhattacharya.—Yes.

President.—They were not satisfactory and they were not of the right quality?

Mr. Bhattacharya.—When we bought these from the bazar, they were not satisfactory.

President.—Therefore you have had to make arrangements to import from the United States of America steel sheet of the quality you require?

Mr. Bhattacharya.—Yes.

President.—Well, you have told us that you order out steel sheets "specially suited for deep stamping, drawing and enamelling with vitrious enamels in red hot furnaces," and depend on the makers to supply the right quality. Is that the description of the sheet you require which you give to the American manufacturers?

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* *Vide* Statement No. III (*b*).

† *Vide* Statement No. III (*c*).

Mr. Bhattacharya.—Yes.

President.—How much have you actually imported from America so far?

Mr. Bhattacharya.—18 tons.

President.—Have you found the quality satisfactory?

Mr. Bhattacharya.—Quite satisfactory.

President.—May I ask who advised you to purchase from America? Did you make enquiries in other countries as well?

Mr. Bhattacharya.—Our expert was in Japan. He has worked in an enamel factory in Japan and they used steel sheets manufactured by this company (United States Steel Products Co.) and found them satisfactory. So he advised us to get the steel sheets out from this firm.

President.—Then you say "We asked the Tata Iron and Steel Co. for these steel sheets but they were not making them." That is true. You continue "In a recent letter they say that their plant for steel sheets will be ready some time next year but they do not definitely say whether they will be able to make the quality we want, nor if it will be worth their while to take up the manufacture of a special quality on such a small order as ours." You know, I suppose, that the Tata Iron and Steel Co. are under contract to supply sheets suitable for enamelling to a subsidiary company at Jamshedpur?

Mr. Bhattacharya.—Yes, it is their own company.

President.—I do not know whether they hold any share in the subsidiary company. They have entered into a contract with Tata's in the matter of supply of steel sheets at certain prices.

Mr. D. Bhattacharya.—Tata's have some interest in that company. They have also some shares in it.

President.—My point is this. If they are going to make sheets suitable for one company for enamelling, is there any reason to think that it won't be suitable for other firms?

Mr. Bhattacharya.—There is no reason to think so.

President.—If they make these things, certainly you can take from them.

Mr. Bhattacharya.—Yes.

President.—I suppose that the enamel company at Jamshedpur are using imported sheets at present?

Mr. Bhattacharya.—Yes. (Here the witness handed the President a letter which the Bengal Enamel Works Ltd. had received from the Tata Iron and Steel Co.)

President.—I see that in that letter Tata's refer you to the Tin Plate Co. I do not quite follow that. In the contract for the supply of steel sheets to the Enamelled Iron-ware Co., Ltd., by the Tata Iron and Steel Co. there is no mention of the Tin Plate Co.

Mr. Mather.—Because the Tin Plate Co. has rolled more black sheets than it has tinned presumably.

President.—I see. The point I want to put to you is that if the Tata Co. are going to manufacture black sheets suitable for enamelling to another company who will make the same kind of wares as yourself, they ought to be able to produce the kind of sheet you require. One assumes naturally that very much the same kind of sheet will be used by both the companies.

Mr. Bhattacharya.—Yes.

President.—Well, have you anything to say on the subject? The request you make in your representation is that the kind of sheet suitable for your manufactures should be free of duty. If Tatas are going to make that kind of sheet, it is rather surprising that you should propose that the duty should be removed altogether, seeing that the question under the consideration of the Board is the protection of the steel industry.

Mr. Bhattacharya.—Then the question of cost will come in. If protection is given to the Tata Iron Works, it would raise the cost of steel.

President.—You are perfectly entitled to bring up that point. But we have got to dispose of the first proposal that you have made, that is, the kind of sheet you require should be free from duty, and as far as I can judge at present it looks as if that kind of sheet is going to be produced in India, and, if so, the proposal made by your company is a very difficult one to carry out.

Mr. Bhattacharya.—My main object is anyhow to reduce the cost of production. If, of course, the Tata Co., could supply at a cheaper rate, it would be all right, it would help us—but we thought that if they got protection, the price of imported steel sheets would go up and they would also raise their price to keep in line with the price of the imported stuff.

President.—Obviously. They want protection so that they may get a higher price for their products.

Mr. Bhattacharya.—We cannot afford to buy costly steel sheets. We must have them cheap.

President.—Supposing that the Board recommended, and Government decided, that the duty on steel sheets should be raised in the manner proposed by the Tata Iron and Steel Co. what would be your position then?

Mr. D. Bhattacharya.—We shall have to pay double in import duty on steel sheets.

President.—Yes, but what would your application then be to get out of your difficulty?

Mr. Bhattacharya.—Possibly our company will go into liquidation if you cannot help us in any way.

President.—What I am suggesting to you is this. Supposing Government have decided to do that, would you have any representation to make to Government?

Mr. Bhattacharya.—We would still press for having our imported steel sheets duty free at least for our own factory.

President.—That is to say, you would still press for that.

Mr. Bhattacharya.—Yes.

President.—So that you would be able to import them cheaply, or if the Tata Iron and Steel Co. could sell to you at an equally low price, you have no objection to buy from them?

Mr. Bhattacharya.—That is our position.

President.—Let me remind you the primary object of our enquiry is how to develop the manufacture of steel in India. Would it not be rather difficult to exclude from the scope of the measures taken to develop the manufacture of steel a particular kind which the Tata Co. are willing to manufacture?

Mr. Bhattacharya.—This is only a very infinitismal fraction of their production. By taking a little bit, it will help the growth of another industry.

President.—If we take a little off for the railways, a little more for the engineering industry and a little more for something else, where do we get to? Why should you receive this special benefit?

Mr. Bhattacharya.—We look upon this as an industry which has got prospects in India and if it is given some sort of assistance in the beginning, it will in course of time be able to stand on its own legs.

President.—Which do you regard as more important from the point of view of the national interest—to make it possible to manufacture things like bridges and railway wagons or to manufacture enamel ware?

Mr. Bhattacharyā.—Wagons are more important from the national standpoint, but we think that by giving us some help it does not take away much from that bigger object which the Government have in view.

President.—What you urge is practically this. We should depart from the primary object, which is to develop the manufacture of steel, in order to facilitate a quite secondary object—the manufacture of enamel ware. I could not advise you to cherish hopes that this policy will be pursued. Supposing Government said that they were not prepared to do that, what would be your further representation to Government?

Mr. Bhattacharya.—If they cannot help us in this way we will have to ask for a bounty from Government.

President.—On wares such as you produce how would you propose that the bounty should be calculated?

Mr. Bhattacharya.—We would press for a bounty of 33¼ per cent. on the steel sheets we consume.

President.—But your products are subject to an import duty of 15 per cent. already.

Mr. Bhattacharya.—The object is that the enhancement we have to pay on steel sheets comes back to us in the shape of a bounty.

President.—Government should repay to you as a bounty the whole duty you pay on the imported steel sheets? But that would hardly do for if you have your steel from Tatas there will be no duty. Would you calculate the bounty at so much per ton of the steel sheets actually used for your manufacture? If you bought from Tatas it would be impossible to say what the duty was because it would not have been paid by Tatas at all. I notice that you do not ask for raising the import duty on imported enamelled ware?

Mr. Bhattacharya.—No. We do not, because it comes back upon us.

President.—Does that mean that if the duty on imported enamel ware were increased, you think there would be a substantial reduction in consumption?

Mr. Bhattacharya.—Because it is already competing with aluminium wares which are being sold in the market very briskly.

President.—You think that the market for enamel ware is too precarious to enable it to stand a large increase of price. Is there any difference in the quality of the sheets required for your different products? Or do you use the same sheets for plates and signs?

Mr. Bhattacharya.—There is a slight difference.

President.—Which of them would be more expensive?

Mr. Bhattacharya.—Those we use for hollow wares are more soft.

President.—So far as I know the Enamel Iron Ware Products Co. at Jamshedpur also produce hollow wares and there is no reason to think that the Tata Iron and Steel Co. cannot produce steel sheets of that kind. Steel sheets are the only kind of steel you require for your manufacture?

Mr. Bhattacharya.—Yes.

President.—What are the chemicals you require?

Mr. Bhattacharya.—Borax is the main item.

President.—Supposing you are using 500 tons of sheets annually what would be the approximate quantity of borax you would consume?

Mr. Bhattacharya.—85 tons.

President.—What other chemicals do you require?

Mr. Bhattacharya.—Soda ash.

President.—What quantity of that do you require?

Mr. Bhattacharya.—1,000 cwts. or 50 tons.

President.—Any other chemical?

Mr. Bhattacharya.—Cobalt Oxide.

President.—What quantity of that?

Mr. Bhattacharya.—1¼ tons. It is only used for colouring.

President.—These are the more important. Are there any other chemicals of which you may require more than a ton for your 500 tons output, because after all it is only a very small quantity that you require when compared to your outturn?

Mr. Bhattacharya.—No.

President.—If there are any other chemicals to which you may wish to draw the special attention of the Board you may mention them.

Mr. Bhattacharya.—Cryolite.

President.—Is it less than a ton of that that you would require?

Mr. Bhattacharya.—No—30 tons.

President.—Any other?

Mr. Bhattacharya.—Possibly Felspar. We require 80 tons of this.

President.—Anything else?

Mr. Bhattacharya.—There are several other small things.

President.—Which of these if any are produced in India at present?

Mr. Bhattacharya.—We have borax in quantities here but not refined enough for our use.

President.—Where is borax manufactured in India?

Mr. Bhattacharya.—It comes from Tibet. Russia is the main centre.

President.—Is it not manufactured in India?

Mr. Bhattacharya.—There is some quantity in Kashmir also.

President.—Where does the borax you use come from?

Mr. Bhattacharya.—From America generally. These things go out to America for being refined and they come back again.

President.—Then it is quite possible that the borax you import from America may have been in India originally, was sent to America for refining and then came back to India?

Mr. Bhattacharya.—Yes.

President.—Borax is not refined in India?

Mr. Bhattacharya.—None whatever.

President.—The Board cannot assume that nobody is doing this.

Mr. Bhattacharya.—We do not get in the market Indian borax sufficiently refined.

President.—But still it would be quite a possible thing, would it not, to start the refining of borax in India?

Mr. Bhattacharya.—When several factories start, people may refine borax here.

President.—Take soda ash for instance: where do you get it from?

Mr. Bhattacharya.—We get the British manufactured stuff.

President.—Is that not produced in India?

Mr. Bhattacharya.—We do not get it here. So far as we know it is not produced in India.

President.—Are there any of the chemicals you have mentioned which so far as you know are produced in India?

Mr. Bhattacharya.—Cryolite is not produced here: it is imported. Cobalt oxide too is not produced in India.

President.—There is plenty of felspar I think in India?

Mr. Bhattacharya.—But that is not ground in India at present.

Mr. Mather.—But there are plenty of people who would grind that for you. There are plants for grinding phosphate rock for instance.

President.—What is the rate of duty the chemicals that you mention pay?

Mr. Bhattacharya.—15 per cent.

President.—What item of the tariff do they come under?

Mr. Bhattacharya.—Under the general heading—66 Chemicals.

President.—I do not see cryolite.

Mr. Mather.—It does not appear to come in there. Perhaps it comes under 149—all other articles, not otherwise specified, including articles imported by post, which are charged 15 per cent. *ad valorem.*

President.—What would you have to pay at present for the quantities of chemicals you have mentioned? You might let us have a statement showing the chemicals you have now mentioned, the quantities required of each,* and the rate per ton you have to pay for that at present supposing that you use 500 tons of sheets, annually. That will give us an idea as to what extent your costs are increased by having to pay this 15 per cent. duty on these chemicals.

Mr. Bhattacharya.—Yes.

President.—Hitherto you have only turned out these enamel sign-boards. What sort of prices do you get for these?

Mr. Bhattacharya.—According to the size of the plates and the inscriptions we have to write.

President.—What are the dimensions of the plate you have brought here? What would you charge for that?

Mr. Bhattacharya.—12″ × 6″. The price should be about 1 Re., but Rs. 2 is the minimum price charged for the plate.

President.—Take a larger one of the size you generally manufacture. All I want is a typical instance as a basis to work out.

Mr. Bhattacharya.—We charge Rs. ⅛ a sq. ft. If we take four times the size of this sample plate we have got, *i.e.*, 12″ × 24″ it will cost Rs. 3.

President.—You say that there have been alarming reductions in the price of enamelled hollow ware. Has there been any reduction in prices of sign-boards?

Mr. Bhattacharya.—Not much.

President.—I wanted to be clear on that point, but I thought it improbable that many orders will be sent home for a product of this kind.

Mr. Bhattacharya.—Big advertisers get their sign-boards from Home sometimes. We are ultimately aiming at hollow-ware work.

President.—You have not yet made any hollow-ware yourself?

Mr. Bhattacharya.—No.

President.—You have said that there have been alarming reductions in the price of hollow-ware. At what period?

Mr. Bhattacharya.—Within last year.

President.—Since the beginning of 1923 or did the reduction begin before that date?

Mr. Bhattacharya.—It began towards the end of 1922 with the introduction of Austrian goods once more into the market.

President.—Could you quote some figures as an illustration for that fall in price?

Mr. Bhattacharya.—This is a typical instance, Wash Basins: The usual size in the market is 30 to 34 c.m. This used to cost Rs. 11.

President.—When was it selling at that figure?

Mr. Bhattacharya.—I cannot give you the exact date. It was some time last year. It has now come to Rs. 8.

President.—It would be desirable if you could try and give definite dates for these figures if possible.

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* *Vide* Statement No. III (*b*).

Mr. Bhattacharya.—Yes. We shall take them from our market books* and give them to you.

President.—From what countries do the enamelled hollow-wares which are being imported into this country come?

Mr. Bhattacharya.—Mostly from Japan and Austria and a small quantity from Sweden and Canada.

President.—There is one more point I want to refer to about removing the import duty on the kind of sheet you use. We asked you whether it would be possible for the Customs authorities to differentiate between enamelled sheets and other sheets. Your reply is " The steel sheets used by us are of a much smoother finish than sheets generally imported for other trades. The Customs authorities may have some difficulty in differentiating between these sheets initially but it will disappear when an appraiser shall have examined a few cases and got accustomed to the difference." But unless the appraiser has some definite instructions as to how to discriminate these wares, he is powerless. Unless you can indicate as far as possible how to discriminate the sheet you use from other sheets your proposal falls to the ground?

Mr. Bhattacharya.—There are certain points. If an ordinary sheet is placed side by side with a special steel sheet used for enamelling the difference is easily seen.

President.—Who is going to decide if an appraiser says it is an ordinary sheet or a special sheet? I draw your attention to that because with the information you have given it is practically impossible for the Board to indicate the instructions which the Customs authorities would have to issue

Mr. Bhattacharya.—It lies with the Board to decide that.

President.—It is up to the people concerned in the trade to lay their proposals before the Board.

Mr. Bhattacharya.—Of course if this is found to be impossible, then we would suggest an alternative to this. We would say we would pay duty to the Customs authorities and then get back the duty after the authorities inspect our factories and see our books and satisfy themselves as to how many sheets we consume.

President.—I understand you want a rebate. It is impossible to differentiate on the description given so far.

Mr. Ginwala.—What is your present consumption of steel sheets for these sign-boards?

Mr. Bhattacharya.—It is not much just now because we have not got any regular work yet and our workmen are now being trained. In our last balance sheet we showed about 4,000 rupees worth of goods.

Mr. Ginwala.—How much black sheet did that represent?

Mr. Bhattacharya.—About a ton monthly last year.

Mr. Ginwala.—So that even if Tatas get this additional protection, so far as this manufacture is concerned, it would not matter very much?

Mr. Bhattacharya.—No, if we were to make sign-boards only.

Mr. Ginwala.—When do you expect to start the manufacture of hollow-ware?

Mr. Bhattacharya.—This November.

Mr. Ginwala.—What would be the output?

Mr. Bhattacharya.—We will go up to 500 tons of steel sheet.

President.—You can only go up to the extent to which you can train your workmen?

Mr. Bhattacharya.—By the end of this year we expect to consume at the rate of 500 tons of sheets annually.

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* *Vide* Statement No. III (*d*).

Mr. Ginwala.—Don't you consider that as rather a large undertaking? Other works at Jamshedpur do not expect to do more than 200 tons.

Mr. Bhattacharya.—We shall consume about half the quantity in the first six months; in the next year we hope to consume 500 tons.

Mr. Ginwala.—Say, 400 tons for the next three years on an average would be your probable consumption?

Mr. Bhattacharya.—All that is our expectation.

Mr. Ginwala.—At present you are paying 10 per cent. on it?

Mr. Bhattacharya.—Yes.

Mr. Ginwala.—That is to say if you take 400 tons as your average consumption it comes to Rs. 1,36,000——taking the value at Rs. 340 a ton?

Mr. Bhattacharya.—Yes.

Mr. Ginwala.—So you are paying a duty of Rs 13,600 on that and when it is increased by, say, 23¾ per cent. you will have to pay altogether Rs. 45,900 roughly instead of Rs. 13,600, so you would lose on that about Rs. 32,000? That will be on an output of 500 tons of black sheets or 6 lakhs rupees worth of finished product. On 400 tons it would be about 5 lakhs. If you get somehow Rs. 32,000 you would be no worse off than you would be if the duty was not raised. Do you want a rebate or a subsidy for the first three years?

Mr. Bhattacharya.—The position will be just as it is at present.

Mr. Mather.—But you are not asking for any additional protection?

Mr. Bhattacharya.—We want some assistance; we want our materials to come duty free.

Mr. Mather.—It comes to Rs. 45,000. The assistance you want is to the extent of Rs. 45,000 on the assumption that you use 400 tons of black sheets a year, that is for every ton of black sheet you use you want about Rs. 112.

Mr. Ginwala.—That you think would not place you in a disadvantage as compared to your position now. In fact you would be better off, to the extent of 10 per cent.?

Mr. Bhattacharya.—Yes.

Mr. Ginwala.—You have given 500 tons as the basis. On that basis are you prepared to give us your cost of production? You have given us the figure of Rs. 6,00,000 now. Are you prepared to give us that in this form: the various raw materials you use? You can take as your basis any particular size of article you manufacture. Take the production of that article on the whole of your outturn of 500 tons of black sheets and then say borax cost so much, soda ash cost so much, your labour charges so much, fuel so much, depreciation came to so much and any profits that you want to make.

Mr. Bhattacharya.—Do you want item by item?

Mr. Ginwala.—What I want is—on your production equivalent to 500 tons of black sheets you spend so much and you realize so much when it is sold as a finished product, or what is actually a profit and loss account.

Mr. Bhattacharya.—We will send you a statement*

Mr. Ginwala.—You will give your actual cost, then show whatever amount you claim for depreciation and any interest you are going to pay, and then the 10 or 15 per cent. or whatever you want as profit. Do you think you will be able to supply us with that?

Mr. Bhattacharya.—We will do that, but there is one thing that we wish to point out about interest and other things. We expect to work just now with the capital we have.

Mr. Ginwala.—Then you pay nothing as interest. It will reduce your cost of production?

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* *Vide* Statement III (*c*).

Mr. Bhattacharya.—Yes, as we go on.

Mr. Ginwala.—We want to see how much margin there is for the additional duty that may be put on steel. You may take one typical article, supposing out of 500 tons of black sheets you use 100 tons for basins, 50 tons for plates and so on; then you give the value of that and the value of the finished article, the price at which you want to sell these things and the total cost.

Mr. Bhattacharya.—Yes.

Mr. Ginwala.—You say that there is certain competition between enamel ware and aluminium ware?

Mr. Bhattacharya.—There is a keen competition in the market.

Mr. Ginwala.—Size for size, how does your article compare in price? What are the principal articles you would manufacture?

Mr. Bhattacharya.—Wash basins, soup plates, rice plates, etc.

Mr. Ginwala.—Take a dish of the same size. How do the prices compare?

Mr. Bhattacharya.—They sell by weight, we sell by size.

Mr. Ginwala.—But you ought to be able to give us the price of a particular* thing you manufacture as compared to an aluminium ware of the same size. For instance you can say here is an aluminium article which they can sell for Rs. 0-10-0 and you can sell the same article made of enamel for Rs. 0-8-0.

Mr. Bhattacharya.—We will send you a statement showing how our prices compare with theirs.

Mr. Ginwala.—So far as the next 12 months are concerned you are interested in 200 tons of black sheets?

Mr. Bhattacharya.—Yes.

Mr. Ginwala.—Then of course you will work up gradually: you don't require so much to start with.

Mr. D. N. Bhattacharya.—We are looking forward a bit.

Mr. Ginwala.—What I mean to say is that your case is not so urgent as some other cases because the proportion of steel you use and the price of steel compared with the price of the finished article is very much smaller, about 1 to 4.

Mr. Bhattacharya.—Nearly that. But our object in pressing for this is that once this is done—if you increase the duty on steel—it will go on for God knows how long!

Mr. Ginwala.—That is perfectly true, but so far as your immediate interests are concerned you are not affected by any protection given to Tatas.

Mr. Bhattacharya.—We do not care so much for the present but for the future.

Mr. Ginwala.—When the future comes there will be time enough for you to represent your case.

Mr. Bhattacharya.—But opportunities never come twice.

President.—There is this difficulty, that until you have been manufacturing for a time it will be difficult to say whether you can or cannot manufacture at a profit.

Mr. Ginwala.—I may draw your attention to one particular principle laid down by the Fiscal Commission. It applies to all industries. You don't ordinarily protect an industry before it has been started, and that is your position at present. You have not even started manufacturing and you do not know what protection steel is going to have and you do not know how far you are likely to be affected by the duty that will be imposed on steel.

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* *Vide* Statement No. III (*e*).

Mr. Bhattacharya.—It is only an approximate idea.

Mr. Ginwala.—On what basis can the Tariff Board say that your interest ought to be protected?

Mr. Bhattacharya.—Would it not be possible for the Board to say that they have taken this step because they know that any assistance that is now proposed to be given to Tatas will go directly against us and may stifle us from the beginning by increasing our cost of production a little more? Before we are going to exist we find existence difficult.

Mr. Kale.—Is your capital contributed by Indians?

Mr. Bhattacharya.—Yes.

Mr. Kale.—What is the value of your shares?

Mr. Bhattacharya.—Rs. 10.

Mr. Kale.—The whole of the subscribed capital has been paid up?

Mr. Bhattacharya.—Yes.

Mr. Kale.—You have spoken of the training of labour. What will be the total labour force when you are producing the whole of the 500 tons?

Mr. Bhattacharya.—About 200.

Mr. Kale.—From what class do you recruit this labour?

Mr. Bhattacharya.—For the machine shop we will recruit from the mistry class, and for the enamelling from the middle class.

Mr. Kale.—The impression I got from your evidence was that the training is a little difficult and it will be some time before you can train your labour. Do you think it will be 6 months before you can train your labour?

Mr. Bhattacharya.—That will be more than enough to train our labour.

Mr. Kale.—Are you satisfied that in a year or so you will get all your labour trained?

Mr. Bhattacharya.—Yes, sufficiently trained.

Mr. Kale.—You will have no trouble on that score?

Mr. Bhattacharya.—We hope not.

Mr. Kale.—What is the market for your products; is it Bengal or do you hope to sell your goods in the whole of the country?

Mr. Bhattacharya.—We shall try Bengal first and then if there is a surplus we will go outside.

Mr. Kale.—Have you studied the market and the class who go in for these goods and so on, and do you think there will be sufficient demand for your goods?

Mr. Bhattacharya.—The lower class of people come in for these goods and there is always a sufficient demand.

Mr. Kale.—Is it for the cheapness of these goods that the lower class go in for them?

Mr. Bhattacharya.—Cheapness and durability.

Mr. Kale.—Do you think your goods are more durable than aluminium?

Mr. Bhattacharya.—It is better in some ways than aluminium. If you cook in an aluminium utensil with common salt it corrodes, but enamel ware will not corrode.

Mr. Kale.—How long will enamel ware last?

Mr. Bhattacharya.—If they are handled carefully they may last from 8 to 10 years.

Mr. Kale.—How does that compare with aluminium. Do you think your goods will last longer?

Mr. Bhattacharya.—Yes.

Mr. Kale.—Do you think your goods are suited for certain use for which aluminium is not suited?

Mr. Bhattacharya.—After some use an enamel dish will look neater than an aluminium dish.

Mr. Kale.—And the public appreciates this advantage of your goods over aluminium goods?

Mr. Bhattacharya.—Yes.

Mr. Kale.—Do you think there will be much competition between your goods and that of the pottery works?

Mr. Bhattacharya.—Not much because that is altogether a different class of goods and it is only those people who can use them carefully that go in for pottery. For rough use enamel is better.

Mr. Kale.—The class of people to whom you are looking for the consumption of your commodities are not likely to use pottery?

Mr. Bhattacharya.—Not much.

Mr. Kale.—Who is the Works Manager?

Mr. Bhattacharya.—Mr. D. Bhattacharya.

Mr. Kale.—You have been to foreign countries for training?

Mr. D. Bhattacharya.—I have been to Japan.

Mr. Kale.—How long were you there?

Mr. D. Bhattacharya.—Over 2½ years.

Mr. Kale.—You actually worked there in an enamel works?

Mr. D. Bhattacharya.—Yes.

Mr. Kale.—Do you think that the conditions of the industry in India will be similar to those in Japan in regard to the supply of raw material and climate and so on?

Mr. D. Bhattacharya.—Not at present. But when the labour is sufficiently trained and several factories come into existence conditions will be similar to those existing there.

Mr. Kale.—Are you looking at it from the point of view of labour?

Mr. D. Bhattacharya.—Raw material also.

Mr. Kale.—You have to pay more for your raw materials than Japan, and there is the duty?

Mr. D. Bhattacharya.—Yes.

Mr. Kale.—What is the difference between the average price of the article you produce and those imported from Japan?

Mr. D. Bhattacharya.—For a 30 cm. basin we will charge Rs. 7-8-0 and it comes from Japan at Rs. 7 a dozen.

Mr. Kale.—There will not be much difference between your price and Japan's price?

Mr. Bhattacharya.—Our cost of production will be Rs. 6-6-0 and they are selling at Rs. 7 a dozen—so that if we sell at their price there will be very little margin of profit.

Mr. Kale.—You do not mind if Government thinks of giving you a rebate and not a total exemption from import duty? Would you suggest that you should have a rebate on the quantity of steel that you actually use in your works? You have admitted that in the case of a national industry it is necessary to impose a protective duty. But at the same time is it your case that this protection should not stand in the way of other and smaller industries which are started at the same time?

Mr. Bhattacharya.—Quite so.

Mr. Kale.—Though they are not of the same national importance as the steel industry, yet they have an importance of their own and it is necessary for Government to protect such small industries? Is that your case?

Mr. Bhattacharya.—Yes.

Mr. Kale.—You are not particular about the method of giving protection?

Mr. Bhattacharya.—No.

Mr. Kale.—Provided you get the kind of encouragement you want do you think that you will be able to stand on your own legs after five years?

Mr. Bhattacharya.—Decidedly yes.

Mr. Kale.—What are your grounds for saying so? Can you give us any evidence or any figures?

Mr. Bhattacharya.—We believe that by that time our workmen will be sufficiently trained to be able to produce things with the same quickness as Japanese workmen and Austrian workmen do at present and then the cost of production will come down and then we can compete. Just now our workmen are not producing things so quickly and so efficiently as those people.

Mr. Kale.—Therefore the cost is higher?

Mr. Bhattacharya.—Yes.

Mr. Kale.—Have you ever thought of the possibility of your being able to make an arrangement with Tata's, as the other firm has done, for the supply of your raw material? Have you ever approached them?

Mr. Bhattacharya.—Yes, we wrote to them and just now I showed you their reply.

President.—The Enamelled Ironware Limited being under an agreement with Tatas, the price it will pay for the steel it requires is the mean between the American and English f.o.b. prices, *plus* 10 *s.* a ton, that is to say it will not be affected by any increase for the first five years in the duty on steel.

Mr. Bhattacharya.—Yes.

Mr. Kale.—So that they have not got to pay any extra duty that may be imposed for five years. They don't pay the full freight either. These are the advantages. Have you ever thought of approaching Tata's for a similar agreement with them or do you not think it possible?

Mr. Bhattacharya.—We cannot say whether they would be willing to enter into the same contract with us.

Mr. Kale.—I say similar.

Mr. Bhattacharya.—They have already done it with one company. Now that they are pressing for additional protection, whether they would be willing to enter into fresh contracts on similar terms, we do not know.

Mr. Kale.—Don't you think that it is worth while trying?

Mr. Bhattacharya.—Certainly it is.

Mr. Kale.—You can write to them and say you are turning out for that company the kind of steel we want and you can supply us also. You can put it to them in that way.

Mr. Bhattacharya.—We will.

Mr. Kale.—If they refuse to give you similar terms, you can make your case stronger by saying that the Tata Iron and Steel Company are asking for protection for themselves and that they have entered into a favourable contract with one company and that when we ask for similar terms, they are refusing. Then, your case will be strengthened.

Mr. Bhattacharya.—No doubt it will be strong, but we wonder whether there will be still time for pressing it after having gone to them and got their reply.

Mr. Kale.—I think the sooner you do it, the better.

Mr. Bhattacharya.—We only heard it just now and we will write to them to-day.

President.—You must not quote the Tariff Board in support of your application. Professor Kale in his individual capacity has thrown out a hint to you and it is for you to consider it.

Mr. Kale.—Mr. Ginwala asked you whether you wanted protection immediately and you said, 'no.' Perhaps you thought that the Board would not recommend it in your case. Are you afraid that your company being a small concern, you will not be able to exercise similar influence over Government as other concerns will be able to do?

Mr. Bhattacharya.—Yes.

Mr. Kale.—If once Government have taken a certain step, *i.e.*, have imposed a certain duty for the benefit of the steel industry, you fear you will not be able to move Government or bring to bear upon Government sufficient political influence.

Mr. Bhattacharya.—Yes.

Mr. Kale.—Therefore you want to strike the iron, nay steel, while it is hot?

Mr. Bhattacharya.—Yes.

Mr. Kale.—You seemed to say that Austria was your most powerful rival?

Mr. Bhattacharya.—Yes.

Mr. Kale.—In the case of Austrian goods, do you think that there is dumping? Are they selling their goods at prices lower than their cost of production, or are they benefited by their depreciated exchange?

Mr. Bhattacharya.—We do not know definitely. Recently Messrs. Leslie & Company imported a large quantity of stock from Austria and they are selling them much cheaper than others in the market. It is they that brought down the market to some extent.

Mr. Kale.—There is at least the suspicion that something of that character must be happening.

Mr. Bhattacharya.—Yes. It might also be due to the fall in marks.

Mr. Kale.—You mean exchange.

Mr. Bhattacharya.—Yes, or some other reason which I do not know.

President.—In the case of Austrian Krone, exchange has been almost stable for the last year.

Mr. Kale.—You don't think that this cause operates in favour of Japan?

Mr. Bhattacharya.—No.

Mr. Kale.—There is no dumping and there is no depreciated exchange in the case of Japan?

Mr. Bhattacharya.—No.

Mr. Mather.—Just to continue the subject about which Professor Kale was asking you questions. It is quite clear that there is no depreciation in exchange in the case of Japan, but why should you think that there may be dumping from Austria and not from Japan? Why should not the Japanese manufacturer dump in the Indian market?

Mr. Bhattacharya.—We have had no instance like that.

Mr. Mather.—You really don't know whether there is any dumping from Japan or not?

Mr. Bhattacharya.—No.

Mr. Mather.—You have told us that 100 tons of steel sheets would make 90 tons of finished products. What proportion is steel and what proportion is enamel in this?

Mr. Bhattacharya.—That had reference only to steel.

Mr. Mather.—So of the 100 tons of original steel, 90 tons will appear in the finished products?

Mr. Bhattacharya.—Yes.

Mr. Mather.—Consequently the weight of the finished products is higher?

Mr. Bhattacharya.—Yes.

Mr. Mather.—How much will it be?

Mr. Bhattacharya.—*I cannot say because the steel sheets will vary in weight and the chemicals will vary in thickness.*

Mr. Mather.—Approximately, for an enamel hollow-ware, which is going to be your main product?

Mr. Bhattacharya.—We calculate generally in this way. We use about 3 oz. of enamel on one sq. foot of steel sheet.

Mr. Mather.—That is covering both sides.

Mr. Bhattacharya.—Yes.

Mr. Mather.—It occurs to me you must, at any rate more particularly as regards hollow-ware, get a valuable and material protection owing to the difference in freight rates between steel sheets that you are now importing and the finished articles. Can you give us any idea as to what the freight per ton of hollow-ware will be as compared with your freight on sheets? You have not got to pack for long distances in India as you would have to when sending by steamer. It must give you a considerable advantage over foreign manufacturers.

Mr. Bhattacharya.—We have some advantage.

Mr. Mather.—Will you please tell the Board what information you have with regard to freight rates so that we can judge what advantage you get there as compared with the handicap that you will be put to by the imposition of the import duty on steel? I notice from the letter which the Tata Iron & Steel Company have sent to you that they cannot supply you at present but that they have suggested that you might possibly apply to the Tin Plate Company. Have you done that?

Mr. Bhattacharya.—We wrote to them.

Mr. Mather.—What was the reply?

Mr. Bhattacharya.—They could not supply this quality.

Mr. Mather.—You said a minute or two ago that Japan was in a better position with regard to raw materials than India. What raw materials are they?

Mr. Bhattacharya.—Raw materials are there in Japan just now. There are many factories there and they have got their raw materials.

Mr. Mather.—They have to import cryolite.

Mr. Bhattacharya.—Yes, they have also to import oxides from America.

Mr. Mather.—Don't they have to import Borax?

Mr. Bhattacharya.—Yes.

Mr. Mather.—Are there any important raw materials in which they have an advantage?

Mr. Bhattacharya.—China clay and felspar they have in good quantity.

Mr. Mather.—Do you know whether there is an import duty on steel sheets coming to Japan?

Mr. Bhattacharya.—I could not give you any definite answer.

Mr. Mather.—Would you mind saying how long you were in Japan and when you came back?

Mr. D. Bhattacharya.—A year ago I came back.

Mr. Mather.—It was during the time when you were in Japan that you came to know of the enamelling sheets of the United States Steel Products Company?

Mr. D. Bhattacharya.—Yes.

Mr. Mather.—Do you know whether the Japanese firms are still buying steel plates from America?

Mr. D. Bhattacharya.—They have got a branch here—I mean the United States Steel Products Company have got a branch here—and the Branch Manager says that they are sending large quantities of steel to Japan.

Mr. Mather.—You have not tried English or Belgian steel?

Mr. D. Bhattacharya.—From England we got a reply from one firm saying that they were not making the kind of steel we want. We do not know much about the continental countries. We know about America and we got it from them. We have written to many but it is difficult to hit at the right thing.

Mr. Mather.—What I had in my mind is this. During 1920-21, the United States of America was exporting very considerable quantities of steel to countries like Japan because the production in Europe both in England and on the continent was relatively small and prices were very high. But since then the United States of America have lost most of the export trade in steel because their prices are higher, and it has occurred to me it might be possible for you to buy from other countries the same kind of steel as you get from America at lower prices.

Mr. Bhattacharya.—But there is another point. Japan has got an enamel industry. Up till last year, they were importing American steel sheets. As regards the kind of steel sheets suitable for enamelling, America is at least still on a par with other countries.

Mr. Mather.—Do you regard Japanese hollow-ware as being of good quality compared with those of other countries?

Mr. Bhattacharya.—Inferior, but for the Indian market it is all right. It is cheap and is fairly durable.

Mr. Mather.—The finish of the hollow-ware is not so good as that imported from Austria?

Mr. Bhattacharya.—The finish is not like that.

Mr. Mather.—It is impossible to say, I think, whether this is due to the steel or enamelling process?

Mr. Bhattacharya.—It might be the process.

President.—You told Mr. Ginwala, I think, that the market you hope to get hold of is the Bengal market?

Mr. Bhattacharya.—Yes, to begin with.

President.—In this market you will have to meet the competition of the company at Jamshedpur.?

Mr. Bhattacharya.—Yes.

President.—You hope to turn out goods worth about Rs. 6 lakhs, and, according to the quantity of steel sheets that they would be consuming, their goods would be worth about half of yours. That comes to 9 lakhs. The total value of the import in Bengal in 1921-22 was only 6¼ lakhs. So you will have to go outside Bengal if you want to sell your products.

Mr. Mather.—I take it that you would not expect any assistance to your company which is not extended to the other company at Jamshedpur?

Mr. Bhattacharya.—We want something to be done for the enamel industry and not for ourselves.

President.—The other company has arranged with the Tata Company for the supply of raw materials.

Mr. Bhattacharya.—I only want to make one point clear. If you mean by the word " immediate " that we did not want any immediate assistance. I should add that we require this assistance from November because we will begin to manufacture hollow-wares from November. By " immediate " if you mean the work which we are doing now, of course we are not going to rely on this work after November. Practically speaking we are going to concentrate all our attention, after the machinery has begun to work, on hollow-wares.

No. 17.

The Bengal Enamel and Stamping Works, Calcutta.

A.—Written.

Statement I.—Original representation from the Bengal Enamel and Stamping Works, Calcutta, to the Tariff Board, dated 12th October 1923.

We, the Managing Agents of the Bengal Enamel and Stamping Works, 9, Middle Road, Entally (not the Bengal Enamel Works Ltd.), beg most respectfully to bring to your notice our opinion with regard to the suggestion put forward by the representative of Tata Iron and Steel Works Limited before you, to the effect that the Import duty on steel sheets be enhanced, from its present level to 33⅓ per cent.

Should such a proposal be considered earnestly, it will deal a death blow to the innumerable small, but thriving industries all over the country, mainly dependent on steel sheets. For example the bucket and steel trunk manufacturers ply a busy trade, and increase of duty on the main item of their manufacture is bound to involve them into complete ruin, to say nothing of the poor labourers engaged therein.

Our enamel works is quite a new departure in the field of Indian industry, there being only one or two factories doing actual work, which must still for some time to come, be considered more or less experimental. The cost of our production, which compromises sign-plates, hollow-wares of all descriptions, hospital requisites, etc., may be split up thus—30 per cent. in steel sheets, 30 per cent. in chemicals, 30 per cent. in coal and labour, leaving a balance of 10 per cent. which in its turn is taken up by depreciation of machineries and rents, etc. Thus our work for some time to come will be without any profit. We do not grudge this, as all industries have to pass this stage at one time or another of their existence. But this is not all. Owing to the initial difficulties that bar the capabilities of all new enterprise towards the production of first class stuff, we are not in a position at present to produce our materials to compete Japanese wares. Our labour for want of sufficient training cannot be expected to produce materials as good as the Japanese import, although our cost is about the same. In consequence of this difference, which can only be overcome by time and training, we are compelled to put our wares to the market at a rate cheaper by 20 per cent. than the Japanese, to ensure their regular sale. It is needless to state that no new industries, no matter the driving intellect behind them, can compete with rivals counting half a century of experience and training, unless they are given sufficient time to command efficient labour, by reasonable protection. Thus in ten years time we assert we shall find ourselves in a position to meet our foreign rivals in the open, and produce goods as durable and as cheap. Now, if under the present circumstances, we have to pay an additional import duty, whilst finished foreign goods of the same make are allowed to enter the country subject to a lesser duty, we shall be inevitably ruined. Of course the alternative of purchasing sheet from Tata will be pointed out to us, but we contend that Tata will not for the present be able to supply the fine and tempered steel sheet that we need for enamelling purposes. Thus ultimately, our hands will be forced, and we shall have to import sheet from abroad, and unless something is done in the way of giving protection for a certain period through abolishing all duties on sheets for the express purpose of enamelling we shall not be able to compete our foreign antagonists.

We shall be very glad to send our representative for oral evidence if you so desire.

In conclusion, we only say that there is a cry at present everywhere in the country to help Indian industries, and we trust ours will receive the sympathy and protection it deserves.

Statement II.—Letter from the Bengal Enamel and Stamping Works, Calcutta, to the Secretary, Tariff Board, dated 21st November 1923.

With reference your letter No. 499*, dated the 2nd November, we beg to submit the following report:

We require the following chemicals and raw materials the prices of which are given against each. From the list given below it is seen that the price of felspar is exorbitant being about twice that of the foreign quotation. The cost can only be reduced when more elaborate arrangement is done for grinding felspar in large quantities:

Sand Rs. 2 per 50 kilos.
Felspar Rs. 6 per 50 kilos.
Borax Rs. 30 per 50 kilos.
Saltpetre Rs. 20 per kilo.

The above chemicals and raw meterials are secured from the Indian source.

Cryolite Rs. 37 per 50 kilos.
Soda Rs. 10 per 50 kilos.
Tin oxide Rs. 3 per 1 kilo.

The above chemicals are imported and their prices have been calculated on the present rate of exchange together with freight and custom duty which is charged at the rate of 15 per cent.

We can take the formulæ given below as the average formulæ for the various types of enamels used for sheet iron.

		Rs.	A.	P.
Sand	20 kilos cost	0	13	0
Felspar	20 kilos cost	2	7	0
Borax	40 kilos cost	24	0	0
Cryolite	9 kilos cost	6	9	6
Soda	10 kilos cost	2	0	0
Saltpetre	5 kilos cost	2	0	0
Tin oxide	5 kilos cost	15	0	0
	109 kilos	52	13	6

The above 109 kilos of raw materials when melted together would give 80 kilos of enamel.

80 kilos of enamel mixed together with 10 per cent. clay during grinding would give 88 kilos of powdered enamel. Clay (Indian raw material) cost anna 1 per kilo. Hence the cost of 100 kilos of enamel would be, say, Rs. 60 in round numbers, *i.e.*, enamel cost Rs. 30 per cwt. Let us take the case of a soup plate 26 c.m. in diameter and consider the cost of its making. We require 9 oz. of sheet at the rate of Rs. 18 per ton. This when stamped and trimmed would give a raw soup plate 6 oz. in weight at a cost of annas 1-5 per piece. A soup plate requires 5¼ oz. of enamel, 5¼ oz. of enamel would cost annas 1-5, coal and labour another annas 1-4, these make annas 4-2 per piece or Rs. 3-2 per doz. *plus* 10 per cent. overhead charges, this would make Rs. 3-7 per doz. and soup plates sell at Calcutta now at the rate of 3-8 per doz.

From the above it will be evident that more than half the value of raw materials for enamels are Indian.

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* Not printed.

B.—ORAL.

Oral evidence of Messrs. M. M. SUR and A. NEOGI representing the Bengal Enamel and Stamping works, recorded at Calcutta on Monday the 29th October 1923.

President.—You represent the Bengal Enamel and Stamping Works?

Mr. Sur.—Yes.

President.—Is that a private firm or a private company?

Mr. Sur.—It is a private Company.

President.—How long is it since the Company was established?

Mr. Sur.—For the last one year it is working nicely. Before that we attempted for sometime and stopped it. There were some difficulties and we could not proceed.

President.—When did you first begin?

Mr. Sur.—About three years ago.

President.—About three years ago you began, then there was an interruption and now you have been working continuously for about a year?

Mr. Sur.—That is right.

President.—Where are your works?

Mr. Sur.—At 9, Middle Road, Entally.

President.—Is it only enamelled ware you produce or anything else?

Mr. Sur.—Only enamelled ware.

President.—What is your present outturn? What is the value of it?

Mr. Sur.—About Rs. 7,000 worth of goods.

President.—That is what you actually produce.

Mr. Sur.—Yes, per month.

President.—What is your capital expenditure up-to-date?

Mr. Sur.—Up-to-date it is just over Rs. 3 lakhs.

President.—You have actually spent over Rs. 3 lakhs?

Mr. Sur.—Yes.

President.—You are getting production at present to the value of about Rs. 7,000 a month?

Mr. Sur.—Yes.

President.—What would be your maximum output on your present equipment?

Mr. Sur.—It would, I think, be about Rs. 25,000 worth of goods, if we work up to our maximum capacity.

President.—You say in the second paragraph of your letter that the proposed increase in the import duty would deal a death-blow to the innumerable, but small thriving industries all over the country mainly dependent on steel sheets; for example, the bucket and steel trunk manufacturers ply a busy trade. But you yourself are not interested in these things?

Mr. Sur.—Not at all.

President.—I thought so, but I wanted to be sure of that. Then in the next paragraph you have given the average percentages which the various items in the cost of production amount to. You say that the cost of steel sheets is about 30 per cent., chemicals 30 per cent., and coal and labour 30 per cent., leaving a balance of 10 per cent. for overhead charges and so on.

Mr. Sur.—That is right.

President.—Were these percentages calculated on your present outturn or on the full outturn that you expect to get?

Mr. Sur.—It shows how the total cost is divided.

President.—The smaller your production, the greater will be the percentage of cost of overhead charges. The other things would not vary so much.

Mr. Sur.—They were calculated on our maximum capacity.

President.—What chemicals do you use?

Mr. Sur.—Some of the Indian chemicals, such as, sand, felspar, white clay, etc.

President.—Do you get felspar in India?

Mr. Sur.—Yes, but then it is more costly than the imported stuff. There is plenty of lump felspar available here but we have to crush it to make it utilisable for enamelling purpose.

President.—From what part of India do you get it?

Mr. Sur.—The north-west of Bengal.

President.—In Bengal itself or in Bihar?

Mr. Sur.—I would call it on the border of Bengal and Bihar.

President.—Felspar exists in India but there is no firm engaged in crushing it. You have got to crush it yourself. Is that correct?

Mr. Sur.—Yes, our felspar is one of the best qualities we can have from Europe even. The quality is quite good.

President.—So, it is only a question of organisation.

Mr. Sur.—Unless there are a few more enamelling factories, there cannot be a separate factory for crushing the felspar. So, we have to crush it ourselves and the cost becomes higher than the imported article.

President.—What other chemicals do you use?

Mr. Sur.—Sand.

President.—That is hardly a chemical. It is a raw material.

Mr. Sur.—Quite so.

President.—Is it sand of a special kind?

Mr. Sur.—Yes.

President.—You have mentioned felspar and sand. What other chemicals do you use?

Mr. Sur.—Soda.

President.—What form of soda?

Mr. Sur.—In the de-hydrated form.

President.—Where do you get this from?

Mr. Sur.—We have to import it from England. Then there is borax

President.—Where do you get your Borax from?

Mr. Sur.—There is plenty of good deposit in Tibet and it is purified here. There are several mills in Cossipore engaged in this work.

President.—Is it produced in India or is it imported from outside?

Mr. Sur.—It is absolutely an Indian chemical. It is produced in India.

President.—Is it produced in India itself?

Mr. Sur.—Yes, at Cossipore. The crude material is refined there.

President.—Is it a chemical firm that refines it?

Mr. Sur.—It is doing only this Borax refining work. Its main purpose is to refine Borax.

President.—What firm is it?

Mr. Sur.—I am not in a position to tell you that.

President.—If you buy your Borax, you must presumably know it.

Mr. Sur.—We get it from the local merchants who are the Agents of that firm in Burra Bazar.

President.—You simply buy it in the bazar. You don't know as a fact whether it is refined in India or not.

Mr. Sur.—There is the label.

President.—Does the label show that the borax has been refined in India.

Mr. Sur.—Yes.

President.—Are there any other chemicals or raw materials of other kinds?

Mr. Sur.—There are a few more, but they are used in very small quantities.

President.—You have given us sand, felspar, borax and soda. Of the 30 per cent., which you have put down to chemicals, how much of that 30 per cent. would these four items account for?

Mr. Sur.—There is some grinding and melting. All told it makes 30 per cent. There is also some waste in the manufacture which you cannot avoid.

President.—I quite understand that in the 30 per cent. is included the expenditure incurred in converting the materials into the condition in which you can use them.

Mr. Sur.—Yes.*

President.—How much of that 30 per cent. is accounted for by these four items? You have not worked it out, it seems. If you prefer, you can send us the information later.

Mr. Sur.—Yes, we will do that. But I think that it is about one half.

President.—I want to know how much of the 30 per cent. is accounted for by these four items.

Mr. Sur.—I think that it is ½ of 30 per cent.

President.—Perhaps the best way would be, if you are going to send us a statement, to show the various items that you include under the head 'chemicals' and state approximately what proportion of this 30 per cent. is accounted for by each of these items. You might also mention what rate of duty is imposed under the present tariff on each of these items. It is hardly necessary in a case like sand where probably the price is in no way affected by the duty that might conceivably be levied, but where the article is imported as well as produced in India or is only imported, let us know the rate of duty that is levied at present.

Mr. Sur.—Yes.*

President.—When you started your works, who was your technical adviser?

Mr. Sur.—Mr. S. L. Banerji was our adviser and then eventually he left our works, and they are now under my management.

President.—It was Mr. Banerji who advised you. Who is your technical adviser now?

Mr. Sur.—I am the technical adviser myself.

President.—Have you actually worked in any enamel works?

Mr. Sur.—I was in Austria and Germany for some time; I have been in France for some time too; I have also spent a few months in England. I have studied the question under various experts.

President.—Where do you get the steel sheets that you use from?

Mr. Sur.—We get them from England.

President.—Do you specially import them yourself?

Mr. Sur.—Yes.

President.—Is it a special quality or is it just the ordinary quality?

Mr. Sur.—It is a special kind of sheets suitable for enamelling and deep stamping. Ordinary sheets are not suitable for deep stamping. These sheets are more costly than the ordinary ones available in the market.

President.—What do they cost you?

Mr. Sur.—The present price is £18-10-0 per ton in England. We have to pay duty, etc.

**Vide* Statement No. II.

President.—What does it work to per cwt. in India?

Mr. Sur.—About Rs. 18 or Rs. 18½ a cwt.

President.—You have told us that your present production is worth about Rs. 7,000.

Mr. Sur.—Yes.

President.—What is the quantity of steel that you use in getting that outturn?

Mr. Sur.—About half a ton at present.

President.—Then on your full output of Rs. 25,000 it would be about two tons.

Mr. Sur.—Yes.

Mr. Mather.—Is it half a ton per month or week?

Mr. Sur.—It is half a ton a week, *i.e.*, about 2 tons a month. But I must tell you that we are at present making douche cans and bed pans—hospital requisites—which are now fetching a very good price. At present, for these things, the estimate is not exact. It is only in the case of ordinary utensils the cost of steel comes to 30 per cent. but in the case of bed pans we get more profit.

President.—In the case of these hospital requisites, the cost of the steel is a good deal less than 30 per cent. of the cost of the finished product?

Mr. Sur.—Quite so.

President.—You have told us that these percentages were calculated on the basis of your full production which was worth about Rs. 25,000. Can you give us the quantity of steel which you have to use to get that outturn, per month?

Mr. Sur.—We cannot do hospital requisites worth about Rs. 25,000 and sell them. So we have to do other ordinary wares and these cost more.

President.—What is the quantity of steel you would use? Have you ever worked it out?

Mr. Sur.—No.

President.—Your percentages are no good to us, unless they have been worked out accurately. If your output is worth about Rs. 25,000, the cost of steel according to your 30 per cent. ought to be somewhere near Rs. 7,500 and at Rs. 18 a cwt. it would be over 20 tons a month. On that basis, is it correct or is it anywhere near correct? It is rather important to us. The whole question is to what extent you would be affected by an increase in the import duty on the steel sheets.

Mr. Sur.—For these ordinary hollow wares we shall have to use 20 tons of sheet. The cost of the total production would be about Rs. 25,000, but if we do sign-boards and other big hollow-wares, in that case for 20 tons of sheet the value of the articles will be very much greater.

President.—30 per cent. is about the right proportion in the ordinary hollow-ware and therefore if you make hospital requisites as part of your outturn the percentage will be rather below that?

Mr. Sur.—We have not gone on quite on a big scale. As a matter of fact the market is very bad at present for ordinary utensils. That is why we are producing sign-boards and hospital requisites.

President.—You are not making ordinary hollow-ware now?

Mr. Sur.—Not just at present.

President.—How long is it since conditions have been unfavourable for hollow-ware?

Mr. Sur.—Since December last year. Besides, Japan is trying to oust the Germans from the market.

President.—You think that the Japanese are the most formidable competitors in the market.

Mr. Sur.—Yes. As a matter of fact that is how things are now being done in Japan.

President.—The firm who came to us this morning told us that the German mportations cut down the prices. Your information seems to be to the contrary effect.

Mr. Sur.—We think that Japan is lowering the prices.

President.—So it is your belief that the keenest competition is coming from Japan?

Mr. Sur.—Mainly in respect of cooking utensils, cups, saucers, etc.

President.—Take some ordinary article—enamel mugs; what is the price of these to-day?

Mr. Sur.—Mugs of 7 c. m. diameter cost about Rs. 2-8-0 a dozen.

President.—That is about the price to-day, is it?

Mr. Sur.—Yes.

President.—At what price do you think you could produce them?

Mr. Sur.—We can produce them a little cheaper say at Rs. 2-2-0 or Rs. 2-4-0, but there is not much competition here.

President.—Let us finish with the mugs for the moment.

Mr. Sur.—We can produce these at Rs. 2-2-0 or Rs. 2-4-0 but 80 per cent. of the Japanese utensils are soup plates.

President.—Let us take soup plates. What is the price of these?

Mr. Sur.—Rs. 3-8-0 a dozen.

President.—What is your cost?

Mr. Sur.—Our cost is about Rs. 3-8-0 or Rs. 3-7-0.

President.—That is about the same as the imported price. Then why do you say that the market is unfavourable?

Mr. Sur.—Because the market is full of these things at present.

President.—Unless you are prepared to come into a market which is already pretty well supplied, I do not see how you are going to develop your manufacture at all.

Mr. Sur.—Besides in the case of these soup plates there are packing facilities as they can be put one into the other.

President.—You mean that the freight does not come very high.

Mr. Sur.—But in the case of mugs the freight is high.

President.—Is there much demand for mugs?

Mr. Sur.—Not so much. There is another article called rice cups which are round things some 2½ inches high but without any handle. These are the two things which are mainly sold in the market.

President.—If you can already produce the article at about the same price as the imported article, I do not quite see that your position is in any way especially precarious.

Mr. Mather.—Is that Rs. 3-7-0 your works cost? Does it include profit?

Mr. Sur.—It does not include profit. We are slowly taking our chance.

President.—I understand you are waiting for a few months to get a favourable opportunity just to start.

Mr. Sur.—As it is now we think we have every hope that we shall be able to do something in the near future, but suppose things get worse we shall have no chance.

President.—You say that Tatas will not for the present be able to supply the fine and tempered steel required for enamelling purposes. They have not yet produced such steel sheets at all but they expect to produce them in 1924?

Mr. Sur.—Sometime in September 1924.

President.—Why do you think that they will not be able to make the quality you require for enamel ware?

Mr. Sur.—At the most these enamel works require a special kind of steel sheets.

President.—There are three firms in Calcutta and a fourth at Jamshedpur.

Mr. Sur.—Taking also into consideration the new one, which is to be started very soon, the consumption will not be very great and moreover these are special sheets used only for enamelling purposes. Tatas may not find it worth while to produce them.

President.—But the Tata Co. are at present under a contract to supply steel sheets suitable for enamelling to the Enamel Iron Ware Co. at Jamshedpur.

Mr. Sur.—It may be, but it is doubtful whether they will be able to produce them at a reasonable price.

President.—We are not concerned with their profit at the moment. The question is whether they will be able to produce such sheets.

Mr. Sur.—They may be able to produce them, but it is doubtful whether they will continue to supply these sheets because it would not be a profitable proposition.

President.—The Tinplate Co. at Jamshedpur are producing plates as thin as the sheets required for enamelling. When sheets of this quality are made at Jamshedpur is there any reason why the Tata Company should not be able to produce similar sheets?

Mr. Sur.—These enamelling sheets will be used only for enamelling purposes and will not be sold ordinarily at the market.

President.—I admit that there is some force in your argument, were it not for the fact that enamel works have been established at Jamshedpur and that the Tata Iron and Steel Co. are under contract to supply them with suitable sheets.

Mr. Sur.—Granting that we get the sheets from Tatas the cost will be high. Suppose Tatas' get 33⅓ per cent. protection. They are not going to undersell their goods, and the cost will be much.

President.—Supposing Government finally decide that it is necessary to put a higher import duty on the imported steel sheets, what is your remedy so far as you yourselves are concerned?

Mr. Sur.—We think that we should be allowed to use for some time English steel imported at the present rate of duty.

President.—Is that consistent with the policy underlying the imposition of a higher import duty in order to protect steel industry?

Mr. Sur.—We cannot afford to lose so many enamel companies newly started. We might be allowed to import sheets out from England at the present rate of duty for five years or more for the simple reason that Tatas' have not yet started making them. Besides there will be a monopoly and it is always very dangerous to people like us.

President.—These are all arguments bearing on the general question whether steel should be protected or not, but what I want to find out is this. If the manufacture of steel is to be protected we must be consistent. It would hardly be consistent I think to select this particular kind of steel which Tatas' will be able to produce in a comparatively short time and say that the only people who use this particular quality should be able to get their sheets at the existing rate of duty.

Mr. Sur.—As we at present stand we do not see any other way. We understand that the same thing was done in Japan. When Germany first had the Indian market to itself, Japan wanted to get hold of it and the Japan Government allowed import of sheets suitable for enamelling free of duty.

President.—Were such sheets produced in Japan at that time?

Mr. Sur.—We are not aware of it. But you were pleased to take your stand on the argument that Tatas' will give us the required sheets. We contend that Tatas' will not be able to supply the sheets we want and there will be difficulty about price.

President.—It is quite inevitable that under existing conditions if you protect an article like steel, it will raise the price of many other article made of steel. Why should a particular exception be made in the case of the enamel industry?

Mr. Sur.—Because the trade is just in its infancy and once all these three or four *enamelling firms, leaving out of consideration* the one at *Jamshedpur*—

President.—The railway wagon manufacturers came to us and said "By all means give protection to steel but we must be allowed to get our raw materials at the existing rate of duty." It is a much more important industry. Is it not more important that railway wagons should be manufactured in India than that enamel-ware should be manufactured?

Mr. Sur.—You want to protect one single works producing steel. Are they going to supply the needs of the whole of India?

President.—Unless there is protection it is possible that there will be no firm manufacturing steel in India. This is the argument you have to meet. I notice that you have not raised the question of increasing the import duty on enamel ware if the import duty on steel is raised.

Mr. Sur.—We are coming to that.

President.—But you have not raised that in your representation. What are your views on it?

Mr. Sur.—If the duty on enamelled goods is increased it will unnecessarily increase the sale price and there will be few buyers for the articles.

President.—That is to say, any further increase in the price of enamelwares would restrict the market?

Mr. Sur.—Yes.

President.—The present rate is 15 per cent. If it were raised to 20 per cent. do you think that it will seriously affect consumption?

Mr. Sur.—Not very much, I think.

President.—It is very difficult to say offhand just what the effect might be, but you do not think that the effect will be very marked if the duty were levied at 20 per cent.

Mr. Sur.—I do not think the effect will be very much.

President.—There is another point I had better ask you about. What you ask for is that the steel sheets required for enamelling should be imported at the present rate. Well now, how are the Customs officers to distinguish between the ordinary sheets and your sheets?

Mr. Sur.—That of course will be left to our agents.

President.—In submitting our recommendation we shall have to make definite proposals as to the specifications of the sheets required in connection with this particular industry in order to make sure that the Customs officers will be able to identify them from other sheets.

Mr. Sur.—That may be left to the English agents.

President.—I am afraid the Tariff Board cannot leave it to anybody. The responsibility rests with us. It also rests with the people who propose a certain thing to say how that should be done.

Mr. Sur.—That question did not strike us. It is very difficult to find out how to identify these sheets with reference to the Customs requirements.

Suppose 20 tons of sheets are delivered to us at a certain rate per ton, that will be a guide.

President.—So you do not give the description of the sheet but wish that up to certain limits all sheets imported by you should come free of duty with safeguards on the part of Customs authorities to make sure that they are really used for the purpose for which they were imported? I do not think it is impossible, but as firms begin to multiply it would become a little difficult to multiply arrangements of that kind. You can do that once or twice in regard to one or two firms but, if the firms become numerous, it would be difficult to continue such an arrangement.

Mr. Sur.—But it is only for a limited time that the arrangement will last.

President.—Yes, I know, but it is an arrangement that is difficult to start.

Mr. Kale.—It has been put to you that the proposal that you make, namely, that the steel you require should be allowed to come into the country at a lower rate of duty, is inconsistent with the principle underlying the protection that is asked for by the steel manufacturing industry in India. You have told us that the quantity of steel that you will consume will be very small, say about 250 tons a year. Suppose there are four firms like you and they will consume in the course of the year 1,000 tons altogether, and 1,000 tons out of a total production of 400,000 tons of Tatas' steel will be a very minute proportion of the total. Your consumption taken as a whole, being a very small proportion of the total outturn of Tatas', it would not affect the general protection given to Tatas? If you were to consume thousands of tons it would affect protection proposed for Tatas', but if you consume only a small quantity, the protection that Tatas' are going to receive will not be affected. What is your view about it?

Mr. Sur.—We agree. We shall only consume a small quantity of sheets from India and this small quantity will not affect the total output of Tatas, nor would it affect the customs revenue.

Mr. Kale.—I am not asking you about the Customs revenue. My point is this: If you consume a very large quantity of steel and if you are allowed to import it free of duty, or at a lower rate of duty, then to that extent Tatas will not get protection. The question we are concerned with is the protection to be given to the steel industry represented to-day by the Tata Co. I put it this way. As you are consuming a very small quantity of steel altogether, Tatas will not be very materially affected, if you are allowed to import your steel free of duty. The principle of protection will not be very much affected because the total quantity to be consumed by you will be very small. If that is a large quantity it may be that with the one hand we would be granting protection to steel and with the other we would be withdrawing it. I wanted to know what you had to say to this.

Mr. Sur.—We quite admit.

Mr. Kale.—Another Enamel works that came before us with their evidence said "By all means give protection to Tatas and other steel industries which are started in this country on a large scale but what about the small industries? The small industries are as important to India at the present moment as the large industries." From what you have said, I think you are not opposed to protection being given to Tatas'. Is it your contention that it is the duty of the Government to see that the small industries are equally encouraged—in any case they are not handicapped by the protection given to larger industries that exist—and that everything practicable should be done to see that the small industries are not affected by the protection given to the larger industries?

Mr. Sur.—We agree to it.

Mr. Kale.—The suggestion you made for the relief to be granted to you in case there is an increase in the import duty on steel comes to this—that you want practically a rebate. Suppose you are compelled to pay a duty of 33⅓ per cent., you require 20 per cent. protection on the quantity of steel that you consume in your factory. Is it not practically a rebate that you are asking for? The difficulty will be to find out how much steel is consumed by a particular works. A company may be importing large quantities of such steel and selling it, thereby making money out of it. Do you think that it will be possible for any Government agency to check this and to give rebate wherever it is essential?

Mr. Sur.—We think it is practicable. Somebody may inspect our works and they can see how much we are consuming every month.

Mr. Kale.—They can inspect your books and they will try to find out how much you are actually using and grant rebate on the quantity you actually use?

Mr. Sur.—Yes.

Mr. Kale.—You say that enamelled utensils are used for cooking. I do not quite understand whether food could be cooked in enamel ware. Is not the enamelling spoilt by cooking or by boiling rice, etc.?

Mr. Sur.—A good enamelled utensil is not spoilt by cooking.

Mr. Kale.—That is to say, fire will not affect it?

Mr. Sur.—For ordinary cooking purposes it can be used.

Mr. Kale.—So poor people use it for cooking purposes? Have you seen this?

Mr. Sur.—Yes. That is why they substitute enamel ware for brass utensils. There is also this advantage. Brass vessels are stolen by thieves whereas enamel-ware once used is not stolen.

Mr. Kale.—Do you mean to say that there is a social prejudice against using such an article?

Mr. Sur.—Nobody would use them. Thieves do not steal these so much for using them as for gain. Particularly the Muhammadans of Bengal use enamel-ware.

Mr. Kale.—The Muhammadan community tin their copper pots and vessels from inside and outside. Is that the reason why they prefer enamelled ware?

Mr. Sur.—Yes, they can clean it easily.

Mr. Kale.—You think enamelled ware is more popular among Muhammadans than among Hindus?

Mr. Sur.—Yes; particularly soup plates. In fact 80 per cent. of the imported enamelled ware is soup plates.

Mr. Kale.—Do you think there will be a sufficient demand in Bengal for the increased quantity that will be turned out?

Mr. Sur.—Surely. We can manufacture enamelled ware to suit our local needs much better than people in Japan or Austria can do. We have got our peculiar vessels for purposes of cooking, etc., and we can manufacture them to suit our own needs.

Mr. Kale.—You mean that you understand the needs of the Indian people better than Japan or Austria, and can therefore compete with them?

Mr. Sur.—Yes.

Mr. Mather.—I notice in your statement you say that "Tatas will not for the present be able to supply the fine and tempered steel sheets that we need for enamelling purposes." Well, of course they cannot do it at the moment, but you appear to be under the impression that they will not be successful in producing enamel sheets.

Mr. Sur.—Partly, because it is only experienced sheet rollers who can produce these enamel sheets; they are very soft.

Mr. Mather.—Does it not occur to you that since Tatas are under obligation to make these sheets for other people, and as they are starting new sheet mills, they will bring men of the right stamp to do that?

Mr. Sur.—They may do that but it won't be so nice as those we get from England. Even the sheets manufactured on the Continent are not so good as the English ones.

Mr. Mather.—If you use sheets which are not made for enamelling purposes—

Mr. Sur.—They are sold as sheets suitable for enamelling but there are a great number of rejections.

Mr. Mather.—I think you are unduly apprehensive. Tata's have been successful in other new lines—

Mr. Sur.—But they won't be immediately successful; they will take some time.

Mr. Mather.—But they are successful as regards the quality of the articles they have manufactured.

Mr. Sur.—Still it will not be within two or three years that they will be able to produce enamel sheets.

Mr. Mather.—They will be able to supply you enamelling sheets before that.

Mr. Sur.—We have no objection to getting our sheets from Tata's if we can get them cheap and of the same quality.

President.—Did I understand you to say that enamelled wares have a larger sale in Bengal than in other provinces?

Mr. Sur.—Yes.

President.—I should like to draw your attention to the import figures. In 1920-21 the importations into Bengal and into Bombay were about the same: but in 1921-22 the importations into Bombay were twice as great as those into Bengal, so that it does not look as if Bengal is the largest importer of enamelled ware.

Mr. Sur.—That may be so, but it is not only Bengal; we are trying all the different parts of India as well. Perhaps Bombay has a bigger market with a bigger area of supply.

President.—Professor Kale put one point to you, namely, that if your request were granted and protection were also given to Tatas in respect of sheets for enamelling, although it might be a breach of principle, it would be a very exceptional case and only a small exception. But there would be this difficulty that there may be other firms coming up for similar concessions and in the end there might be a number of similar breaches.

Mr. Sur.—We do not want it for any length of time; we want to be on our legs. In five years' time there might be 10 or 12 enamel works in the country.

No. 18.

The Hukumchand Electric Steel Works Company, Calcutta.

A.—Written.

Statement I.—Original representation from the Hukumchand Electric Steel Works Company, Calcutta, to the Tariff Board, No. F.-96—50, dated the 28th August 1923.

In connection with the enquiry now being held by the Tariff Board into the question of a protective tariff for the steel industry, we have the honour to bring the following facts to your notice.

During the past two years we have established a small steel works in Calcutta for the purpose of manufacturing all kinds of miscellaneous steel castings, more particularly such articles as railway carriage and wagon castings and locomotive castings, etc. Our steel melting plant has a nominal capacity of about 5,000 tons of liquid steel per annum. The works have been equipped with all the accessories of a modern foundry. Approximately some Rs. 10,00,000 of capital have been sunk in the enterprise up to date, but the proprietors are ready and willing to extend the works to 3 or 4 times its present size provided they receive sufficient encouragement from Government either in ensuring them a market for their products or in affording them a measure of protection to enable them to meet the very serious competition from Europe with which they are faced. We have already progressed far enough to show that we can produce Steel Castings of a quality which compares very favourably with imported castings and we have had no difficulty in satisfying the requirements of the most rigid of British Standard Specifications. Many of the leading railways and engineering firms in India have expressed their entire satisfaction with our products. One of our greatest difficulties since we started operations has been that of training a sufficient labour force for our moulding department to enable us to find an outlet for all the liquid steel we can produce. The personal element enters very largely into the work of the moulding department. The success or failure of each individual job depends almost entirely on the skill of the particular workman employed upon it and as almost every new moulder engaged has had little or no experience in steel moulding our difficulties in the matter of training become apparent. The lack of skilled labour shows itself in the abnormal percentage of "Waster" castings which are produced, with a corresponding increase in our production costs. This lack of skilled labour is only one of many difficulties we are experiencing in building up this new industry and it is while these difficulties are being overcome that we need all the help that Government can give us. Apart from the question of a protective tariff on imported steel the Board might help us considerably in the matter of re-adjusting the Customs duty on certain of our raw materials. For instance, Ferro Silicon, which is used by us in considerable quantities is not manufactured in India. A custom duty of 15 per cent. is levied on this essential material. We think that the Board might consider the question of admitting all raw materials for steel manufacture, which are not produced in India, free of all duty. With regard to steel castings imported into India at dumping prices, we may say that we are convinced that castings from England and the Continent are being imported at rates which cannot be considered fair.

We note from this morning's report of the proceedings at Jamshedpur yesterday that Mr. Peterson stated that in the opinion of the Tata Company special steel such as *cast steel*, etc., should be allowed to come in free and that the present duty should be taken off. We would earnestly request that the Board will very carefully consider what the term "Cast Steel" is intended to mean. Our entire output consists of cast steel in the form of a large variety of steel castings. We manufacture our own steel from raw materials in the same way that the Tata Company do. We do not make up cast steel articles from manufactured steel purchased from Tata's or imported steel. We, therefore, claim that our products shall receive exactly the same treatment in the matter of a protective tariff as the Tata Company's. We earnestly trust that the Board will give the foregoing notes their careful consideration and also beg that we may be given an opportunity to give evidence before the Board either before they leave Jamshedpur, or in Calcutta.

Statement II.—Letter from the Hukumchand Electric Steel Works Company, Calcutta, to the Secretary, Tariff Board, Calcutta, dated the 15th September 1923.

We beg to acknowledge with thanks receipt of your letter* No. 234 of yesterday's date enclosing copy of the Government of India Resolution No. 3748, dated July 10th, 1923. We note your remarks regarding the type of information required by the Board and have pleasure in enclosing herewith our replies to the questions submitted.

1. The Hukumchand Electric Steel Company is not a limited liability Company. The concern is privately owned by the Firm of Sir Sarupchand Hukumchand & Co. The approximate amount of capital expended in land, buildings, machinery, etc., is Rs. 10,00,000. The Company are prepared to invest more than double the sum if and when they are satisfied that the future prospects of the enterprise justify such further expenditure.

(2) No further liabilities other than the Rs. 10,00,000 already mentioned have been incurred. No complete balance sheet has as yet been prepared.

(3) Steel castings were first produced by the Company in July 1922. The average monthly production of finished castings up to date has been 20 tons. The average output during the last three months was, however, approximately 50 tons. This output represents less than one-fifth of the total capacity of the plant.

(4) Steel scrap is obtained from a large number of sources including all Railway Workshops, Government Munition Factories, General Engineering Works and from dealers in Calcutta. We are quite satisfied that ample supplies of scrap will be available in the future, even when the plant is in full operation or even if its capacity is doubled, *e.g.*, The East Indian Railway alone put up for auction some 3,000 to 4,000 tons of scrap suitable for our furnaces every year. The Bengal Nagpur Railway and the Eastern Bengal Railway, in fact, all other railways in India also hold annual auctions for similar amounts. We do not consider that importation of scrap would become necessary for some years to come, if ever.

(5) The average price of the scrap purchased up to the present has been approximately Rs. 30 per ton f.o.r. Ballygunge. Only a small proportion of the supplies, about 20 per cent., has been war scrap.

(6) The following is a list of the principal castings produced by the Company:—

Railway Castings.

Locomotive.—Axle Boxes, Buffers, Bogie Frame Stays, Motion Plates, Distance Pieces, Piston Valve Heads, Wheel Centres, Horn Blocks, etc.

Carriage and Wagon.—Axle Boxes, Buffers, Bogie Centre Brackets, Queen Posts, Top Bolster Spring Bearings, Bottom Bolster Spring Bearings, Bottom Side Bearers, Sleeve Washers, Spring Sleeves, Spring Cups, Top and Bottom Side Bearers, etc.

General Castings for Engineering Purposes.—Bevel Wheels, Pinions, Spur Wheels, Pistons, Valves, Steam Pipes, Gear Wheels, Helical Pinions, Couplings, Piling Screws, Anvils, etc.

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* Not printed.

Special Steels.—Ingots of Die steel for Drop Stamps and Steam Hammers Blocks of Die Steel Cast to size and shape for special purposes.

Manganese Steel Jaws for Stone Crushers, etc.

The above list represents the castings already turned out by the Company. Any class of casting can be undertaken provided the weight of each individual casting does not exceed 35 cwts.

Of the above probably some 60 to 70 per cent. are castings for Railway purposes, the balance being castings for machinery and general engineering purposes.

(7) Reliable figures showing the annual consumption of steel castings in India are very difficult to obtain. It is known, however, that the field is enormous and far beyond the ultimate capacity of the Company's works. As an illustration of this it may be stated that the annual importation of Cast Steel Axle Boxes into India to provide for replacements alone is approximately 40,000. The average price per box is Rs. 30. In this one type of casting there is, therefore, a possible turn over of Rs. 12,00,000 annually.

The value of steel castings fitted to a single broad gauge bogie underframe is approximately Rs. 1,000. This is an actual figure based on the price obtained by the Company for the supply of castings for broad gauge underframes to Messrs. Burn & Co., Howrah. There are some thousands of bogie underframes in commission throughout India and replacements are continuously required. The list of castings already given shows what a large variety of castings are annually required.

(8) The Company have experienced great difficulty in obtaining orders in the past, but this difficulty shows signs of gradually becoming less. We ascribe this difficulty in the first place to the deeply rooted prejudice which exists in the minds of those in charge of the purchasing departments of the big railways, etc., against anything which can be described as "Country made." This attitude is particularly noticeable in the case of purchasers who are not themselves trained engineers and are, therefore, unable to recognize the quality of a steel casting from figures giving test results and chemical analysis. In almost all cases, however, where castings have been supplied by us and have been subjected to expert examination by qualified engineers, complete satisfaction has been the result and repeat orders have followed. The principal difficulty lies in persuading the prospective purchaser to give our products a trial. Once a trial has been given and the result is satisfactory, confidence is established and further orders almost invariably follow. In the case of railways, delivery is a most important factor and Controllers of Stores are very reluctant to place orders with us in the absence of some guarantee that the goods will be delivered to time. This attitude is readily understood and perfectly reasonable, but until we are given opportunities to show what we can do the railways will remain ignorant of our ability to satisfy their requirements.

Reference has been made to the term "Country made." In this connection we find that unless the price quoted for our products is very much lower than the imported article, purchasers are disinclined to give it a trial. It seems to be an axiom that country made articles are necessarily inferior and should, therefore, be cheaper in price. We may say that this attitude is rapidly disappearing in cases where our products have been given a thorough trial. We find also, more especially in Government and Railway departments, a great reluctance to depart from routine methods in placing orders. This attitude has been more than once expressed to us by railway officials in the following terms:—

> "We have always purchased our steel castings from this or that firm in England. Their castings are of excellent quality and deliveries to time. The price also is not much different to yours. Why, therefore, should we go to the trouble of changing this source of supply for a new one which is as yet untried and which may or may not prove to be satisfactory."

(9) The Company consider that some of the prices they obtain for their castings are unremunerative. This has been due to the fact that during the past year prices quoted by Home Firms for castings have been abnormally low and the Company have been compelled in order to secure orders at all to quote rates correspondingly low. We have reason to believe that the low prices quoted from outside sources are quoted in India with the deliberate intention of killing the steel casting trade. It is firmly believed that railway castings in particular are being imported at present at dumping prices. The Company are satisfied that if sufficient orders can be obtained to keep the factory in full operation none of their prices will be unremunerative. It is recognised, however, that a considerable period of time must elapse before the full capacity of the works can be developed.

(10) About 300 men are at present employed at the Works. Including the General Manager there are four Europeans employed at present. The aggregate amount paid monthly in wages is Rs. 15,000. The number of men required, if the plant were in full operation, would be from 1,000 to 1,200. Five more Europeans would also be required.

(11) Any figures the Company can give regarding their present cost of production are likely to be very misleading. The output during the first six months of operation was so small and the conditions so far from ideal as regards electric power supply, etc., that production costs for the first year appear abnormally high. These costs are also inflated by reason of the very considerable amount of purely experimented work which was necessary in the early stages. The attached balance sheet showing production costs for the month of July which are representative for the present rate of output are, however, at the disposal of the Board.

(12) The Company anticipate that if sufficient orders were obtained to keep the plant in full operation the present cost of production could be reduced by 25 per cent. approximately.

(13) It is anticipated that a period of 4 or 5 years must elapse before a sufficient labour force can be trained to keep the factory employed at its full capacity.

The present percentage of Wasters is 15 to 20 per cent.

Statement III.—Letter from the Hukumchand Electric Steel Works Company, Calcutta, to the Secretary, Tariff Board, Calcutta, dated the 30th December 1923.

We have pleasure in replying as follows to your favour of the 7th* instant:—

(1) Our calculation of the cost of British steel castings was made as follows:—

The casting selected for comparison was a Standard I. R. C. A. Axle Box for 10″×5″ Journal. The prices for raw material in England were taken from the lists published weekly in the Foundry Trade Journal. The cost per unit of electricity is that charged by the Sheffield Corporation as compared with the Calcutta Electric Supply Corporation.

In calculating the price of raw materials not obtainable in this country and imported from England 15 per cent. has been added to the home f.o.b. price to cover freight, duty, landing charges, etc. Only the more important raw materials have been included and overhead charges are assumed to be approximately the same as our own. Depreciation and Interest are not included.

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* Not printed.

Cast Steel Axle Box 10″ x 5″.

	Indian.			British.		
Raw Materials—	Rs.	A.	P.	£	s.	d.
Steel Scrap	1	12	0	0	4	6
Ferro Manganese	0	2	6	0	2	0
Ferro Silicon	0	2	9	0	0	1½
Steel Moulders' Compo.	1	4	3	0	4	0
Electric power	4	14	0	0	5	3
Labour (Direct)	2	8	0	0	1	6
	10	11	6	0	17	4½
Miscellaneous materials, supervision and overhead charges and wasters	7	7	9	0	10	0
	18	3	3	1	7	4½ = Rs. 20-8-0.

From the above comparative statement it would appear that the actual cost of a 10″x5″ axle box made in our works is, if anything, slightly less than one made in England. Assuming the cost price to be the same, it is difficult to understand how it is possible for these axle box castings to be delivered in Calcutta at prices ranging from Rs. 21 to Rs. 25 each seeing that at least 15 per cent. must be added for duty, freight, charges, etc.

(2) The following is a list of Standard Castings for broad gauge underframes for which we have this week tendered to Messrs. Burn & Co., showing our prices and the price of imported castings. The imported prices were received by cable from England within the past few days.

Steel Castings Broad Gauge Underframes.

	Our price.			Imported price.		
	Rs.	A.	P.	Rs.	A.	P.
1. Top Bolster Spring Bearing	110	0	0	83	6	11
2. Bottom Bolster Spring Cup	16	0	0	13	13	6
3. Bottom Side Bearer	5	0	0	3	11	4
4. Top Side Bearer	9	12	0	6	11	0
5. Queen Post Sole Bar	28	0	0	23	0	0
6. Bottom Bolster Hanger Guide	19	8	0	14	11	4

In connection with the above quotation we may say that Messrs. Burn & Co. have agreed to place the order with us if we will accept the imported price.

B.—ORAL.

Oral evidence of Mr. F. G. WILLIAMS representing the Hukumchand Electric Steel Works, recorded at Calcutta on the 17th September 1923.

President.—Perhaps the best point at which to begin is the question of raw materials. That is one of the points to which the Fiscal Commission drew special attention. In order to justify a claim to protection it is an important point whether there is an abundant supply of raw materials. I understand that in your works steel scrap is the principal raw material.

Mr. Williams.—Yes.

President.—I think your outturn for the last three months has been at the rate of 50 tons a month.

Mr. Williams.—50 tons of finished castings.

President.—That would be 600 tons of finished products a year. Then what will be the approximate scrap required annually?

Mr. Williams.—800 to 850 tons.

President.—It is said in the written statement that the normal capacity of the plant is 5,000 tons of liquid steel a year. Does that mean that you expect eventually to work up to that figure with your present plant?

Mr. Williams.—That is what we hope to do.

President.—Is the quantity of scrap required also 5,000 tons?

Mr. Williams.—It would be rather more, approximately 10 per cent. more to account for loss.

President.—So that for your present plant you would require about 5,500 tons of scrap.

Mr. Williams.—Yes.

President.—You have told us that the big railways advertise annually the sale of large quantities of steel scrap—the East Indian Railway about 3,000 or 1,000 tons a year.

Mr. Williams.—That is the official figure given to me by the Controller of Stores of that Railway who fixes up sales annually. As a matter of fact I have seen as much as 12,000 tons put up in one year but that is the average.

President.—The 12,000 tons might conceivably be an accumulation?

Mr. Williams.—Probably a war accumulation.

President.—Taking into account other big railways in India I take it you would put a figure for all the railways annually at something like 20,000 tons.

Mr. Williams.—Yes.

President.—The prices you have hitherto paid average Rs. 30 a ton. Have you taken into account the possibility that if your own plant was increased and other firms started making steel castings the increase in the demand might gradually raise the price of steel scrap?

Mr. Williams.—Yes. But that will depend on what process of steel making the competing firms adopted. That is to say if they use furnaces that would require pig iron only, that is to say, open hearth process, they would take a comparatively small amount of scrap. But they will have to take into consideration the amount of pig iron they will require.

President.—Am I right in supposing that it is only in the electric process that steel scrap is used exclusively and that in other processes it is mainly pig iron?

Mr. Williams.—In the case of converter process it is entirely pig iron.

President.—Is the pig iron produced in India suitable for making steel castings?

Mr. Williams.—I am not certain on the point but I do not think it is. I think the trouble is that the percentage of sulphur and phosphorus in the Indian pig is too high to satisfy the railway specification and for that reason it is necessary to import pig iron.

President.—As regards the other important point the question of power, you get your power at present from the Calcutta Electric Supply Corporation.

Mr. Williams.—Yes.

President.—At what rate do they supply at present?

Mr. Williams.—At 1¼ annas per unit on our small output but that rate will be considerably reduced when we are able to work the factory to its full capacity because the rates are on a sliding scale. We pay according to the amount of current we use. At present we are paying the highest rate they charge.

President.—You have got two steel furnaces, I understand, and you melt two tons in each heat?

Mr. Williams.—Our furnace capacity is normally 30 cwts., but we have since increased it to 2 tons per heat, on the one furnace that we are now using.

President.—You expect to get the same from the other?

Mr. Williams.—Yes.

President.—Five heats in the day is the maximum possible from one furnace.

Mr. Williams.—Yes.

President.—I gather from what you told us when we visited the works that the first heat takes the longest the second heat a shorter time and the third the shortest.

Mr. Williams.—The third would not take a much shorter time than the second.

President.—Could you give us any sort of figure as to the number of electric units required per heat?

Mr. Williams.—The first heat—2,000 units. The second and succeeding heats, 1,700 units, *i.e.*, a reduction of 300 units per heat. It represents a reduction through continuous work of approximately Rs. 16 a ton of liquid steel.

President.—Are the Electric Supply Corporation ready to supply all the power you want?

Mr. Williams.—At present they are prepared to supply all the current we want for one furnace. In a few months' time they will be ready to supply for the other furnace.

President.—Are they increasing their power plant?

Mr. Williams.—They are almost doubling it. At the present day they guarantee us sufficient for one furnace.

President.—On the question of labour you have told us that there is great difficulty in training your moulders. Does that mean that you practically had to train them all from the very start or were you able to get any men with experience in moulding?

Mr. Williams.—The men who come to us are men who have been in iron moulding firms. They have had no experience whatever in steel moulding. There is a difference between steel-moulding and iron-moulding and we have to train them to that extent.

President.—Can you give us some idea of the difference between steel-moulding and iron-moulding?

Mr. Williams.—It is the difference in the ramming, in the refractory materials we use and the way in which it is applied in making steel. You have got to cover your patterns with steel-moulders' composition, paint, etc., and we find it very difficult indeed to prevent these men from mixing the moulds with floor sand. The result is some waste.

President.—I think you said that it will be 4 to 5 years before you could train sufficient moulders really able to work to your full capacity so that in one respect it would be of no use to you to get too many orders to start with.

Mr. Williams.—We prefer to progress slowly. It would not suit to be suddenly flooded with orders which we are not in a position to execute. But we should like to see a steadily increasing flow of orders so that as our work increases in efficiency our delivery will be correspondingly good.

President.—Do you anticipate any difficulty in getting trained men?

Mr. Williams.—We have not experienced any difficulty in getting men from other iron foundries but the difficulty is in training them.

Mr. Harkishan Das says that by paying a little more than the local rate we can get men to engage with us.

President.—Where do your workmen live?

Mr. Williams.—Most of them come by trains. It is proposed if the Company makes a fair progress to build houses for them.

President.—Have you got land in which you can build houses for them?

Mr. Williams.—Yes.

President.—Would that interfere with any subsequent extension to the factory?

Mr. Williams.—No, it would not interfere at all. There will be no difficulty because we have other land adjacent to the factory on the same side of the Railway line.

President.—You have told us that you cannot give us any figure of the total demand for steel castings in India but have stated that there is a large demand on the railways and in particular that about 40,000 cast steel axle boxes are required annually for repairs to existing wagons.

Mr. Williams.—That was the figure given by the Loco. and Carriage Superintendent of the Great Indian Peninsula Railway last year. I asked him to give me an idea of the annual consumption of axle boxes. He put it at 40,000. As there are 160,000 axle boxes on commission of which 25 per cent. require renewal annually, that is roughly the figure of boxes required.

Mr. Ginwala.—How many actual wagons are there?

Mr. Mather.—Are these 160,000 all steel axle boxes?

Mr. Williams.—I am not sure but that is the number of replacements given to me by the Carriage Superintendent. I understand there is a tendency to replace cast iron axle boxes by steel axle boxes. As we were talking only of steel castings I assumed that he referred only to steel axle boxes.

President.—What Mr. Ginwala was suggesting was that 160,000 was a very small figure for the total number of axle boxes in use.

Mr. Mather.—It would mean only 40,000 wagons which certainly is a very small figure.

President.—It seems more likely that the 160,000 is the number of steel axle boxes.

Mr. Ginwala.—That is quite possible.

President.—What is the weight of a cast steel axle box?

Mr. Williams.—The weight is according to the size of box. For a 7×8 box it is ¼ a cwt.; for a 10×5 box it is ¾ cwt.

President.—If we take ⅜ as the average that will be somewhere in the neighbourhood of the right figure?

Mr. Williams.—Yes.

Mr. Mather.—That is the weight of the finished casting?

Mr. Williams.—Yes.

President.—You have told us that owing to the lack of training of the moulding staff there is a high percentage of waste in steel castings.

Mr. Williams.—That is the direct result of starting with men who are untrained.

President.—I think the figure you gave us was 15 to 20 per cent. wastage. Is that as high now as when you first started or have you effected an improvement?

Mr. Williams.—We were able to effect a considerable improvement.

President.—Can you give us some figures as to the extent of the improvement?

Mr. Williams.—During the early months of the factory's progress the wastage was in the neighbourhood of 30 per cent.

President.—Then in another year's time from now do you hope to get your figure below 15 per cent.?

Mr. Williams.—I should not like to prophesy: we can only hope to reduce. 15 per cent. I think is a very reasonable figure.

Mr. Mather.—I think 15 per cent. is a reasonable figure.

President.—Then you have mentioned the question of removing the duty on ferro-silicon, which is one of the materials you use. Is that required for only one kind of castings?

Mr. Williams.—No, for all kinds.

President.—On the basis of your full outturn of 5,000 tons what is the quantity of ferro-silicon required?

Mr. Williams.—Approximately 25 tons.

President.—What is the present value per ton.

Mr. Williams.—It depends on the percentage of silicon it contains. If it contains 75 per cent. silicon it is valued at £22 per ton f.o.b. London.

Mr. Mather.—That is the quality of ferro-silicon which you have taken into account in giving us the figures of 25 tons.

Mr. Williams.—Yes.

President.—So that at the rate of duty of £8 per ton the total duty would amount to £80 on your full outturn.

Mr. Williams.—Yes. We also use ferro-manganese.

President.—Is that not produced in India?

Mr. Williams.—I do not think it is. Up to the present we have been able to obtain a small amount in India but I fear we shall have to import it in future.

President.—What quantity do you use of this?

Mr. Williams.—50 tons.

President.—Then you require twice as much ferro-manganese as ferro silicon.

Would you tell us the approximate cost of ferro-manganese?

Mr. Williams.—I can tell you the price at which we obtain it in Indie which averages Rs. 800 a ton.

President.—I notice in the statement annexed to your last communice tion that you also manufacture iron castings.

Mr. Williams.—But that is only for our own use, not for sale. We mak a few iron castings for the Hukumchand Jute Mills but we do not sell t any other firm.

President.—So that they are purely incidental. I just wanted to make sure.

Mr. Williams.—Yes.

President.—You have said that some of the prices you obtain for your castings are unremunerative, that is according to your present outturn. Can you quote any figures for typical castings giving the price of imported castings in India just now?

Mr. Williams.—Not very long ago I approached the Controller of Stores of one of the big railways asking him if he would buy axle boxes from us and the first question he asked was what was our price. I quoted Rs. 30. He said "How can you expect me to give you orders at Rs. 30 when I can get them from Home for Rs. 21." Rs. 21 was considerably less than our cost price. We examined that figure rather carefully and so far as we could see it was also less than the cost at which it could be turned out at Home. When you consider the amount of duty, other charges, insurance, etc., it seems extraordinary that they could quote such a wonderful price for them.

President.—It seems a very low figure. Is that the chief instance you were thinking of?

Mr. Williams.—That is one of many. On another occasion Messrs. Burn & Co., Ld., Howrah, were able to quote against us a price of Rs. 26 for finished axle boxes which we could not produce for less than Rs. 32 finished, so that, we almost always have these low prices for axle boxes quoted against us.

President.—Do you happen to know whether these specially low prices of imported articles were British or Continental?

Mr. Williams.—Some British and some Continental but in this particular instance it was British—the quotation of Rs. 21.

President.—I notice that you express the belief that these low prices have been quoted in India with the deliberate intention of killing the steel castings trade. Similar complaints have been made both by the Tata Iron & Steel Co. and the Standard Wagon Co. What I would like to put to you is this. Do you think that the steel casting industry in India has reached a stage when the manufacturers in England would think it worth while to kill it?

Mr. Williams.—To kill it at the start without giving it a chance.

President.—When he is going to lose a certain amount of money he will certainly satisfy himself whether it is worth while. After all you are only producing a very small quantity at present.

Mr. Williams.—But at the same time the British manufacturer is in such a position at present that he is prepared to make any sacrifice to keep going a works at all: he is prepared to cut his profits, depreciation, etc., to the barest minimum in order to keep his concern going.

President.—It might be that his object is merely to meet Continental competition in the Indian market.

Mr. Williams.—Babu Harkishan Das wants to say that Continental competition is keener than British competition, that is to say, their prices are even lower.

President.—What I am suggesting is that it is probable that Continental competition is the main factor in bringing down the English price.

Mr. Williams.—I have not thought of that. Might it not be possible in view of the establishment of the Standard Wagon Co. in India that the demand for steel castings made in India is going to be very much better and that would be an added inducement to try and kill the steel casting industry in India.

President.—That is conceivable but in that case he will not be killing two birds with one stone: he will be assisting one of these for the Indian wagon builder will get his casting cheaper.

Mr. Williams.—I speak from the steel casting point of view, not from the wagon building industry point of view.

President.—I should think that the wagon building industry is the more attractive target for the Home manufacturer at the present time. It is a more real menace to the British manufacturer as things stand at present.

Mr. Williams.—Yes.

President.—You told us I think when we went round your works that you machine your castings.

Mr. Williams.—No we don't but it is the intention of the proprietors if the work progresses sufficiently well to put in a machine shop. At present we do not machine our castings.

President.—Do the imported castings come out machined?

Mr. Williams.—Yes, as a rule.

President.—In comparing the price there must be some reduction on the imported cost on that account.

Mr. Williams.—In the case of the quotation of Rs. 32 I had already obtained a quotation from another Engineering Company for machining and offered them this quotation for castings machined and finished.

President.—You say in your representation "In the case of the railways delivery is a most important factor and Controllers of Stores are very reluctant to place orders with us in the absence of some guarantee that the goods will be delivered to time." Have you found any difficulty in making deliveries?

Mr. Williams.—We did in the early days. When we started we had one or two substantial orders which we found difficult to deliver. I am especially speaking of trial orders. They were very reluctant to give us trial orders unless they were satisfied that we could deliver to them in time.

President.—Do you anticipate that in future you will find any difficulty in delivering up to time?

Mr. Williams.—No, provided we go ahead sufficiently slowly to gradually build up the industry.

President.—If you get an order much too large for your capacity you might find difficulty at the present time.

Mr. Williams.—We should not accept an order unless we are sure of delivering the materials in time. Suppose the railways come along and say "we want 5,000 axle boxes." We should see what we could do then they could place an order with us according to our capacity.

President.—On that basis you expect to deliver promptly and in time. I was not quite sure whether you suggest in your representation that you might find difficulty in delivery.

Mr. Williams.—The railways are afraid that we might not give delivery in time. What we say is that unless they give us a trial they will never know whether we can deliver or not.

President.—Can you give us the outturn of finished products for the month of July?

Mr. Williams.—I do not think I can because a large number of castings which were made in July have not yet reached the finished stage. They will not be delivered until some time later. The deliveries of castings are always considerably behind the month in which they are cast.

President.—You have got in this statement of profit and loss appended to your representation a figure put down for value of steel manufactured. I want to know the tonnage.

Mr. Williams.—That is based on an average price of Rs. 38 a cwt.

President.—That is how you have taken it into this account?

Mr. Mather.—That comes to about 44½ tons. That of course is finished steel.

President.—I take it that was not the actual quantity of steel manufactured during the month.

Mr. Williams.—It is only steel castings and not the semi-manufactured products.

President.—What is the strength of the present European staff?

Mr. Williams.—Four.

One man in the moulding department, two on the steel-melting department and the fourth is myself.

I should explain that Mr. Rose is the Assistant responsible for the steel-melting department. He is in charge of that department but has also got other duties to perform.

President.—During what hours is the factory working at present?

Mr. Williams.—8-30 A.M. to 5-30 P.M. Certain men also work on night shifts getting the moulds, etc., ready for next day's work.

President.—If you are working to your full capacity you will be able to work in three shifts night and day, *i.e.*, three shifts of eight hours each and then you would require 5 extra Europeans?

Mr. Williams.—Yes. I should require two more steel melters, a moulder foreman and three Assistant Foremen working under him, working in 8 hours shifts.

President.—The present number of men employed is 300. If the plant were in full operation you would require between 1,000 and 1,200. Your aggregate monthly wages average 15,000 rupees and with the full outturn it would be in the neighbourhood of 50,000.

Mr. Williams.—Approximately 4 to 5 times of the present cost.

President.—The total number of workmen will only be between 3 and 4 times the present number. That was the basis on which I was going.

Mr. Williams.—We cannot say that now: we can only give the actual figure when we come to that stage.

President.—You have said in the statement attached to your last letter that you have made no provision for interest on capital, or for depreciation on buildings and machinery and the total monthly expenditure under these two heads amounts to approximately Rs. 10,000. What rate of interest would you take on the capital? What do you allow for depreciation?

Mr. Williams.—8 per cent. on capital. 5 per cent. on Rs. 10 lakhs for depreciation. We allow the same depreciation on buildings as on machinery.

President.—I notice that according to this statement in the month of July on your works cost you had a small favourable balance.

Mr. Williams.—We were practically level between our income and expenditure.

President.—At any rate you were covering the works cost. If your outturn were to increase even to say 150 tons a month does it not seem likely that you will be doing a little better?

Mr. Williams.—We should be doing better: our overhead charges would come down by a corresponding proportion and our electric charges would come down very considerably.

President.—It has not been clearly established that if your factory was fully employed the price which you can obtain for your products would be unfavourable.

Mr. Williams.—Have we got to say that definitely?

President.—I suggest that at any rate it will make your case for protection very much stronger if you can show that steel castings could not be produced at a profit in India even with the full outturn.

Mr. Williams.—Don't you think that if you give Tatas 33⅓ per cent. protective duty and you do not give it to others, say, for instance, if you do not give it to the Standard Wagon Company, the price of their raw material would go up to a similar amount with the result that the cheapest market for steel castings would be outside India and the Railway Companies may say that they do not want castings made in the country as they can get them cheaper elsewhere.

President.—Under the arrangement made with the Government of India the wagon manufacturers are under some obligation to obtain in India the raw material.

Mr. Williams.—That is the avowed intention but we do not see that that is actually the case. They have never asked us to supply anything of importance. Far less than the Railways.

President.—Your argument is based on two hypotheses that protection will be given to steel and that the wagon industry is also asking for protection. I think we must take the case of steel castings rather more directly than that and the point I put to you is that it is not established from your representation that even if you were working to only about half your full capacity, the prices would be unremunerative.

Mr. Williams.—The price I have quoted is the basic price for castings that are imported into the country. Without any guarantee from Government that they must buy from India they are almost certain to buy from the cheapest market and leave us out.

President.—The point is that you have up to date a certain number of orders at certain prices. I can't assume that you won't in future receive orders at similar prices.

Mr. Williams.—The point that Babu Harkishan Das wants to put is that if you give a protective duty it will more or less force the purchasing department of the railways to place their orders with us. On the other hand if you do not, then they are at liberty to buy at the cheapest market and leave us out.

President.—What I am putting to you is that it has not yet been proved that you cannot compete.

Mr. Williams.—We cannot say that we cannot eventually compete, but we want an aid while we are gradually working it up to its fullest capacity.

President.—It is a great deal more than that. Some measure of assistance in whatever form it may be would have to be given to all industrial establishments at the same stage of development. I would like to put it to you this way: whenever a firm establishes itself to do some form of work which has not been done before, or only done to a very small extent, there must be a period during which it has to establish its business so as to prove that it can execute orders in a satisfactory way and gradually extend its market. Do you think it reasonable that all such firms should receive assistance from Government in order to cover that period?

Mr. Williams.—Where an industry is entirely new to the country and where they have to carry out a great deal of experimental work, I think it is perfectly reasonable to ask Government to assist that industry, specially in the case of an industry like ours where there is want of skilled labour.

President.—What does the Fiscal Commission say?

Mr. Williams.—They laid great stress on natural advantages. We say we have natural advantages.

President.—But you have not shown that these advantages are superior to those in other countries.

Mr. Williams.—That we are finding out as we are going along.

President.—I have to put you this question because there is a difficulty always in the case of an industry that is still at the earliest stage of its development and the Fiscal Commission, though they refuse to lay down any absolute rule on the subject, point out that there is a difference between the case of an industry which has been working for a certain period and with regard to which the facts can be pretty fully ascertained and an industry at an early stage where it is difficult to say how far it will be able to hold its own or not.

Mr. Williams.—Don't you think that in the very early stage of an industry it needs protections. It is during the early years of its existence that it most needs protection.

President.—Then, don't you think that the consequence of that might be that if assistance was always given at a very early stage there might be a great deal of public money wasted in one form or another in assisting industries that could never stand alone?

Mr. Williams.—On the evidence we have given we have shown that we can eventually stand alone.

President.—The difficulty which remains in my mind is this, that as far as I can judge on the statements submitted and the figures you have given, it would not require a very large increase in your production even up to 200 tons a month to enable you to carry on without assistance.

Mr. Williams.—We might unless there was any great change in the price at which similar things are imported into the country.

President.—That does not in any way rule out the possibility that unexpected difficulties and so on might arise.

Mr. Williams.—On the other hand it is true that British and continental manufacturers are sending things to India at dumping or unfair prices.

President.—We have noted what you have told us about low prices for axle boxes. We shall do our best to ascertain from the railways what they have to tell us.

Mr. Williams.—There is another aspect of the railway orders. I find that they are quite ready to give us orders for articles they require in a hurry. Then they do not mind paying a higher price. But if they can afford to wait they always prefer to wait for British articles rather than to place orders in India, so that the orders we have been getting do not represent anything like the bulk of the orders they are going to place. They say here is a small order, do it quickly; but the bulk of the orders they send Home.

President.—Up till now it would not have done any good because your capacity is limited.

Mr. Williams.—Yes; but our moulding is by no means fully extended.

President.—But still I gather that your orders have been increasing steadily?

Mr. Williams.—Fairly steadily, but not as rapidly as we could like.

President.—There has been a steady growth?

Mr. Williams.—Yes.

President.—Do you anticipate that if protection were given to this industry a large number of steel casting factories would establish themselves.

Mr. Williams.—I think it is quite likely they would be.

President.—You are not able to tell us anything about the actual demand?

Mr. Williams.—It is impossible to indicate in figures as regards the number of castings that will eventually be required in India.

President.—As far as you can judge will the railway demand form more than 50 per cent. of the total demand?

Mr. Williams.—I think much more; nearer 75 per cent.

President.—So that we can ascertain from the railways what their demand is. That will give us a fair idea as to the total demand.

Mr. Williams.—Yes.

Mr. Ginwala.—In your case there are one or two special features that I should like to explain. You know that when an industry asks for protection one of the principles is that that industry should have reached a stage where it meets a reasonable proportion of the demand of the country, and secondly it must eventually be able to meet the whole demand or approximately the whole demand of the country apart from other conditions.

Mr. Williams.—You are speaking of the industry as a whole?

Mr. Ginwala.—Yes, we are not dealing with particular concerns at all in this enquiry.

I should like you to bear in mind these two points. With regard to the first point, namely what proportion of the national requirements it can meet, so far we have got little or no evidence. But there are certain data in your papers which you have submitted to the Board from which we can get some idea. Take the wagon building industry with which you are very largely concerned. You have stated in one of your letters that the value of the castings required for a bogey wagon (broad gauge) is Rs. 1,000. What does it represent in weight?

Mr. Williams.—I should think from 1 ton to 25 cwts. Burn & Co., Howrah, will be able to tell you exactly how much.

Mr. Ginwala.—On the assumption that railways require, say, 3,000 wagons a year that will mean about, 4,000 tons of casting for wagons alone.

Mr. Williams.—The figure I gave is for a bogey, not for an ordinary four-wheeler.

President.—Can you give us the weight of steel castings that will be required on an ordinary broad gauge four-wheeler?

Mr. Williams.—About 10 cwts.

Mr. Ginwala.—Approximately it is half that of a bogey. There may be 1,000 coaches. Have they the same axle boxes and buffers?

Mr. Williams.—They have exactly the same underframe.

Mr. Ginwala.—Under these two items 5,000 tons of castings will be required by the railways in a year; besides that there are locomotives.

Mr. Williams.—There is a tremendous weight of castings required on locomotives, I do not know how much.

Mr. Ginwala.—I am not talking of new locomotives but of replacement for locomotives.

Mr. Williams.—The weight of a locomotive axle box is something like four times the weight of a wagon axle box.

Mr. Ginwala.—What is the weight of a locomotive axle box?

Mr. Williams.—The heaviest portion of the locomotive is the wheel centre which is practically all steel castings.

Mr. Ginwala.—So that roughly you may require 10 times as much casting in a locomotive.

Mr. Williams.—Yes.

Mr. Ginwala.—Then there are various other things for which the railways require steel castings. Then you have got the mills, factories, etc., who consume a considerable amount of steel castings. The difficulty is that your outturn of 1,000 tons of steel castings—or 3,000 tons if you work at your maximum capacity—bears a very small proportion of the total requirements. This is an initial difficulty in your case.

Mr. Williams.—Yes, that is so.

Mr. Ginwala.—Even if the demand does not increase it may take a considerable time before you are able to meet it. From that point of view we have got to satisfy ourselves as to how you are situated as regards your raw materials. You talk of your natural advantages. I should like you to point out what they are in your case. Natural advantages consist for instance of the possibility of obtaining raw material in the country. In your case you cannot say that they exist.

Mr. Williams.—I think we have already shown that so far we have proved that there is a considerable supply of potential raw material.

Mr. Ginwala.—That is when the industry is confined to one or more concerns. But I am taking the broader view. Supposing the industry is required to meet the whole demand of the country, can you satisfy us that there are sufficient raw materials in the country?

Mr. Williams.—Unless we know what the total demand is we cannot say, but I should think there is.

Mr. Ginwala.—In connection with your scrap you should remember two things. Suppose steel is protected the price of steel scrap must go up in proportion. Again if the industry expands in place of your 4,000 tons of steel scrap it may require 40,000 tons: consequently unless steel scrap is imported there may not be sufficient quantity available in the country. In that case the industry would be at a disadvantage.

So far as I know at present there are only one or two concerns going for this sort of work. For those the resources may be ample, but what we are asking is that if your industry is protected and more concerns start, will there be sufficient quantity of scrap available in the country?

Mr. Williams.—It depends very largely on whether the competing firms adopt our process or not.

President.—If they do not adopt your process they must be at considerable disadvantage as regards raw material which they will have to import.

Mr. Ginwala.—What is the reason why you have adopted this electric smelting process?

Mr. Williams.—Chiefly because of the low price of the raw material and what we consider an ample supply.

Mr. Ginwala.—Don't you take into account the expansion of the industry and the consequent reduction in the supply of the raw material?

Mr. Williams.—We still think there would be enough scrap.

Mr. Ginwala.—Is there any inherent scientific difficulty in the way of the basic open hearth steel being used?

Mr. Williams.—Open hearth steel is of very little use for castings because it is not sufficiently fluid to give the correct impression of a small mould. It would be absolutely impossible to make axle boxes on a commercial basis from open hearth steel, because you would get probably only one in 10 good, the balance would not flow. Heavy castings of course you can make.

Mr. Ginwala.—Suppose you want to manufacture this sort of light casting for railways. The industry as a whole would suffer from a permanent disadvantage.

Mr. Williams.—I don't see why we should suffer.

Mr. Ginwala.—If all the requirements were to be met by the local industry it may not have sufficient amount of scrap available here of the kind that it requires.

Mr. Williams.—In the absence of figures with regard to the scrap available annually and with regard to the steel castings required, it would be difficult to say whether it will be available or not.

Mr. Ginwala.—Steel scrap is imported now in some degree?

Mr. Williams.—Babu Harkishan Dass says that considerable quantity of steel scrap is now being exported to Japan.

Mr. Ginwala.—You are sure that no scrap is imported?

Mr. Williams.—So far as our information goes none is imported, when it is materially cheap here.

Mr. Ginwala.—In other steel industries do they use steel scrap?

Mr. Williams.—Messrs. Tata Iron and Steel Co. do; the East Indian Railway Workshops at Jamalpur also use but they have more than sufficient for their railways and they sell 5,000 tons each year and still their works are going.

Mr. Ginwala.—If other steel works were started here they would require a great quantity of scrap: in that case there might be a shortage?

Mr. Williams.—I know a great deal of scrap is being exported because I am constantly getting enquiries for steel scraps myself even from people from England.

Mr. Ginwala.—May I take it that at present you are the only concern that is using this kind of furnace?

Mr. Williams.—We are the only one.

Mr. Ginwala.—I take it that your main reason is the cheapness of the raw material and the ultimate cheapness of the electric current supplied and the quality of the castings produced which is a very important factor? I think you will have to confine yourself more or less to light castings?

Mr. Williams.—No; we can make the heaviest castings (2 ton castings) with the heads on.

Mr. Ginwala.—What is the lightest casting you can make with open hearth steel?

Mr. Williams.—That is difficult to say because that depends on the sections and form of castings.

Mr. Ginwala.—Suppose you substitute the open hearth basic steel to make light castings. It would considerably alter the position.

Mr. Williams.—I don't think you will find anyone who will use open hearth basic steel to make light castings.

Mr. Ginwala.—Your castings are light?

Mr. Williams.—Light and medium.

Mr. Ginwala.—Can the medium casting be made from the open hearth steel?

Mr. Williams.—That could be done but I don't think it would be profitable as the wastage would be great.

Mr. Ginwala.—It comes to this that so far as you are concerned you will have to confine yourself to light castings.

Mr. Williams.—There is no great demand for heavy castings. If there were sufficient demand for heavy castings we should very much prefer them to the light staff.

Mr. Ginwala.—In that case the difficulty about the raw material would be smaller.

Mr. Williams.—Yes.

Mr. Ginwala.—In these electric furnaces can you melt ordinary basic pig iron?

Mr. Williams.—We could but it would not pay. If you consider the price of pig iron with the price of steel scrap it is approximately double.

Mr. Ginwala.—If there was a question of using anything but steel scrap you would find your business would be quite unremunerative.

Mr. Williams.—We are entirely dependent on the ample supply of steel scrap.

Mr. Ginwala.—What are the other raw materials you use. Ferro-silicon. Can it be manufactured in this country?

Mr. Williams.—No. There is no plant in India for manufacturing it.

Mr. Ginwala.—Does it require a special plant?

Mr. Williams.—No.

Mr. Ginwala.—Then, ferro-manganese. Is it made in India?

Mr. Williams.—Tatas make it but they prepare it for their own use. At present they are not selling it to outsiders. We wanted to get some from them but they refused to sell.

Mr. Ginwala.—What are your requirements of ferro-manganese say on an output of 250 tons.

Mr. Williams.—Our requirements are very small. Even for a full output we would require 50 tons a year.

Mr. Ginwala.—What quantity do you require of ferro-silicon?

Mr. Williams.—25 tons.

Mr. Ginwala.—Besides these are there any other raw materials that yo require?

Mr. Williams.—Very little else; there is nothing of importance. Practically everything else can be obtained here.

Mr. Ginwala.—You claim in any case that the duty on these raw material should be removed?

Mr. Williams.—Certainly, it would help us.

Mr. Ginwala.—With regard to labour. So far as the moulding proces goes it is not essentially different from iron casting mould?

Mr. Williams.—It is different.

Mr. Ginwala.—Is the difference such that the same kind of workma could not easily learn it?

Mr. Williams.—They can be trained but they require very carefu training.

Mr. Ginwala.—The reason I am putting this question is that so far a moulding is concerned it is not a new thing in this country.

Mr. Williams.—It is not new, but the number of steel foundries in Indi is so small.

Mr. Ginwala.—But there are plenty of iron foundries. Men used to iro foundries would hardly find it difficult to adjust themselves to the work o the steel foundry.

If a man is an engineer I think he will find very little difference betwee the two. There does not seem that there is any special difference betwee these two processes.

Mr. Williams.—There is not a tremendous difference but rather a subtl difference which it is rather difficult to make others to understand.

President.—Supposing you get a man who is thoroughly trained in iro casting, and put him in steel casting work, how long do you expect you wil take to train him?

Mr. Williams.—It has taken us a year to get our present moulding staf into anything like proper training.

President.—The whole of your present staff were not under training fo the whole year. Do you think it takes a whole year for a man to learn steel moulding?

Mr. Williams.—No, the new recruits were there for over 4 months. A trained moulder would take three to four months to be trained in steel moulding.

Mr. Ginwala.—Do you use a lot of machinery?

Mr. Williams.—We do not.

Mr. Ginwala.—Is there no machinery for making steel moulds.

Mr. Williams.—For moulding work you mean? We have not got any now, but it is our intention to instal machinery when we begin to manufacture on a large scale, and then we hope to be able to reduce labour.

Mr. Ginwala.—Is it not a fact that machine moulding is getting more and more elaborate?

Mr. Williams.—Yes.

Mr. Ginwala.—Is pattern making the most difficult part of the work.

Mr. Williams.—It is difficult, but not the most difficult; it depends on the form of the pattern you take.

Mr. Ginwala.—In the case of the railways they supply you with patterns, and you do not make patterns as a rule?

Mr. Williams.—No, as a rule the Railways supply their own patterns. We prefer this because we won't make a mistake and they will get exactly what they want.

Mr. Ginwala.—One of the difficulties seems to be that you do not manufacture standard articles. You make a few axle boxes, you make something else. Is not that a real difficulty with regard to works of this description?

Mr. Williams.—It is in a way, but we have to be satisfied with whatever we can get in the shape of orders. We have had no opportunity of starting on a large scale the manufacture of a particular standard article.

Mr. Ginwala.—Are you prepared to make only standard articles?

Mr. Williams.—If we have to set up making only standard articles we should have to instal machines to produce standard articles.

Mr. Ginwala.—That may be one of the reasons why you do not get sufficient number of orders. If you manufacture a hundred things they must naturally take more time, more money and so on. Do you intend to standardize.

Mr. Williams.—We do intend, eventually.

Mr. Ginwala.—And supposing you get an order to manufacture axle boxes; that will keep you going?

Mr. Williams.—That would necessitate the installing of the necessary moulding machinery.

Mr. Ginwala.—In that case you may be able to bring down the cost of production so much as to compare very favourably with your competitors?

Mr. Williams.—Yes.

Mr. Ginwala.—You quote Rs. 32 for some special kind of axle boxes. Supposing you were asked to manufacture only axle boxes of that type how much do you think you would be able to bring down your cost of production.

Mr. Williams.—It is very difficult to say. We might be able to reduce it by 10 or 15 per cent. but it is extremely difficult to give an accurate figure.

Mr. Ginwala.—Besides axle boxes what do you suggest by way of standard article in general use on all railways?

Mr. Williams.—You take the whole of the castings required for a wagon, a bogey underframe, buffers, spring guide, etc., all that might be standard.

Mr. Ginwala.—There is a tendency among the railways to multiply types.

Mr. Williams.—That is one of the chief difficulties in producing axle boxes as a stock article, because the lettering is different, the shape is different and therefore the types are different. If they are standardized it would be advantageous.

Mr. Ginwala.—Is there any difficulty in standardizing axle boxes?

Mr. Williams.—Not that I know of except on the score of expense if you are to discard the existing types.

President.—Could you devise standard axle box which can be fitted to any existing wagon?

Mr. Williams.—That will be very difficult.

President.—Perhaps as long as you have the existing rolling stock you cannot get rid of this difficulty, because the types are different.

Mr. Williams.—It will only be possible in the case of new rolling stock.

Mr. Ginwala.—What is the difficulty?

Mr. Williams.—The difficulty is in adjusting the box to the particular type of wagon it has to go on.

Mr. Ginwala.—That difficulty you say cannot be got over.

Mr. Williams.—It cannot be got over with the existing rolling stock.

Mr. Ginwala.—It will perhaps take 20 years or more to get through the process.

Mr. Williams.—Yes.

Mr. Ginwala.—Does that objection apply to other parts?

Mr. Williams.—The same thing applies all round.

Mr. Ginwala.—Have you made any representation to the Railway Companies to standardize?

Mr. Williams.—We have not.

Mr. Ginwala.—Besides railway material are there any other standard articles you make?

Mr. Williams.—Yes, one standard article is the ordinary colliery tub wheel. There is an enormous field there for anyone who cares to start an industry.

Mr. Ginwala.—Does it require the same kind of steel?

Mr. Williams.—Yes. That also will necessitate moulding machinery of a high standard.

Mr. Ginwala.—Do you make any of the wheels at present?

Mr. Williams.—We do.

Mr. Ginwala.—How do the prices compare?

Mr. Williams.—Prices of the imported articles are very much lower than ours and the chief competition on that article comes from Belgium and until recently from Germany.

Mr. Ginwala.—Do you put it down to dumping?

Mr. Williams.—Partly and partly to the very highly specialized factories for these articles. There are factories for the sole purpose of making tub wheels.

Mr. Ginwala.—In the case of the axle boxes you said that you worked out the British price, and you were satisfied that the manufacturers were selling at below cost price. Could you give us some idea as to how you worked it out?

Mr. Williams.—On the basis of the price of the raw material at the time and the price of labour as compared with the labour in India and in the case of the electric melted steel with the price of the current.

Mr. Ginwala.—Can you give us the figures?

Mr. Williams.—I cannot give you at the moment but I can send them on to you.

Mr. Ginwala.—They would be very useful to establish the probability of dumping. Where did you get the price of British materials from?

Mr. Williams.—I took it from the Foundry Trade Journal which is published every fortnight.

Mr. Ginwala.—You don't suggest as far as I can see in what form you think you ought to be protected. Here there is a difficulty as I pointed out to you. Supposing you manufacture 3,000 tons of steel casting of miscellaneous type. We cannot say all castings must bear a duty of 33⅓ per cent. unless there is good reason. What form do you think protection ought to take?

Mr. Williams.—I think it would be quite impossible to discriminate one steel casting from another for the purposes of duty.

Mr. Ginwala.—If this industry was to be protected the protection must take the form of a specified duty on all imported steel castings, but in the absence of any evidence to show how much is manufactured in the country and how much is imported don't you think it would be rather a difficult matter?

Supposing you manufacture 10,000 tons and 100,000 tons are imported into the country. By imposing a duty you will be asking the consumers to pay a higher price for the imported 90,000 tons.

Mr. Williams.—In that case supposing we are setting out to make particular articles for the railways, would it not be possible to put a duty on those particular articles?

Mr. Ginwala.—That is why I ask whether you could not produce standard articles.

Mr. Williams.—In the case of general castings for ordinary engineering purposes the customer does not worry about the quality of the steel.

Mr. Ginwala.—How will you get over the difficulty except by showing that these articles are manufactured by you or by other people in the country on a very large scale and ought to be protected.

Mr. Williams.—The only way seems to be to put a duty on standard articles rather than putting it on all castings.

Mr. Ginwala.—In your case what articles do you suggest should be given protection?

Mr. Williams.—It is very difficult to answer. We should have to decide first in what particular articles we are going to specialise.

Mr. Ginwala.—Otherwise it will be very difficult for the Board to come to any decision. You may manufacture a large number of articles, but some of them may be very small in number.

Mr. Williams.—I should say castings for general engineering purposes might very well be left out altogether. If you take the list of articles required on a wagon or a locomotive you can get the standard articles.

Mr. Ginwala.—They might also be required for various other purposes.

Mr. Williams.—I mean castings for the railway rolling stock. Anything they require for their workshops they do not require in hundreds of thousands.

Mr. Ginwala.—You would select the railway rolling stock first of all.

Mr. Williams.—I think railway rolling stock would be sufficient to keep us going.

Mr. Ginwala.—What duty do you suggest?

Mr. Williams.—I think the same duty should be put on these particular castings as you would put on the raw material, of which the wagon is built of. That is if you put 33 per cent. on rolled steel sections you should put 33 per cent. on the castings.

Mr. Ginwala.—Would it not be a good deal more? What is the proportion of the cost of the finished castings to the cost of rolled steel sections?

Mr. Williams.—It is probably four times.

Mr. Ginwala.—Take steel at Rs. 150 per ton. The cost of the casting per ton will be Rs. 600. If you put 33⅓ per cent. on steel and a corresponding duty on casting it comes to Rs. 200 and this will raise the cost of casting to Rs. 800.

Mr. Williams.—You have an enormous difference in quantity.

Mr. Ginwala.—Then do you require as much as Rs. 200 protection.

Mr. Williams.—I should say that is rather too high.

Mr. Ginwala.—Take a typical article such as an axle box. Give me the price at which you are prepared to sell a 10×5 axle box.

Mr. Williams.—Rs. 30 to Rs. 32.

Mr. Ginwala.—What is the imported price here?

Mr. Williams.—The last price I had was Rs. 26 landed.

Mr. Ginwala.—There is the 10 per cent. import duty and handling and other charges may come up to Rs. 3. There will be say a difference of Rs. 5 to Rs. 6. This is not anything like 33 per cent.

Now we have come down to certain standard articles. You say you are able to manufacture on a large scale, and you have selected the railway rolling stock materials. You have got only a limited number of articles. You can give us your price and the British price and can show that you are worse off by such and such amount, therefore you ought to get so much protection. Will you be able to work it out and give it to us? So far as miscellaneous castings are concerned it is a matter of bargain with consumers. In fact nothing can be done for them.

Mr. Williams.—Yes. I shall prepare the information you want and send it.

Mr. Ginwala.—Will you also give us some indication that you will be able to bring down the cost of production by so much per cent? At present your cost comes to Rs. 82.

Mr. Williams.—In addition to meeting the price question we should want something over and above that to give us an advantage over the competitors.

Mr. Ginwala.—Does this price give you a reasonable profit?

Mr. Williams.—Not at present, but when the concern is developed to its fullest extent it will show a profit. Our profit is based on a standard type. In working out our production cost we took a standard figure. We allot our overhead charges according to production.

Mr. Ginwala.—You get your works cost and to that you add your own cost on the present output. You add then your interest. How would you add for interest in the case of steel castings?

Mr. Williams.—We take the average output at a number of tons and then allot a sum.

Mr. Ginwala.—Do you add depreciation?

Mr. Williams.—Yes. We charge it according to the usual commercial method but at present the output is so small that the charge is heavy.

Mr. Ginwala.—You were talking of "advantage." Do you mean by that a reasonable profit on your outturn?

Mr. Williams.—And also the advantage which will make our prices some attraction for others to buy from us in preference to buying from home.

Mr. Ginwala.—In terms of money how will you take that?

Mr. Williams.—My impression is that no one will look at a country-made article if the price is not lowered.

Mr. Ginwala.—What you mean perhaps is this: suppose the cost of British finished axle box is Rs. 30 but when you manufacture the same article in India the consumer will pay you only Rs. 28 and you will be out by Rs. 2.

Mr. Williams.—Over and above the percentage shown an additional 5 per cent. will make up the difference in this respect.

Mr. Ginwala.—What do you consider a reasonable return for your money?

Mr. Williams.—10 per cent. over and above the Bank rate.

Mr. Ginwala.—That depends on the Bank rate which may vary considerably from time to time. Let us take the ordinary Bank rate which was between 7 and 8 per cent. last year. That means you want 17 to 18 per cent. Is that a reasonable figure?

Mr. Williams.—Mr. Harkishan Das says that it is not unreasonable. The concern is at present running at a loss and this loss will have to be made good.

Mr. Ginwala.—If you get protection to the extent to which you claim it the risk is very much less.

Mr. Williams.—The home people are calculating it at between 15 to 20 per cent.

Mr. Ginwala.—Is that the remuneration that is expected from other investments in these days?

Mr. Williams.—The Jute industry is the chief industry and they are paying 15 to 20 per cent. including interest.

Mr. Ginwala.—But they did not pay that in the beginning.

Mr. Williams.—During war time it was even 400 per cent.

Mr. Ginwala.—What will be the reasonable remuneration at which capital could be attracted to a particular industry?

Mr. Williams.—I think 15 per cent. including interest. But Mr. Harkishan Das thinks 12 to 15 per cent. including interest would be a reasonable return.

Mr. Ginwala.—In your case there is no question of borrowing at all. You have put in the whole of your capital so that a uniform rate will apply to your capital. You say your capital is 10 lakhs and you are prepared to put in twice as much?

Mr. Williams.—Twice, thrice or even four times if it is remunerative.

Mr. Ginwala.—The statement that you have given us is on a profit and loss basis but it does not show the outturn in tons.

Mr. Williams.—It shows the value of the output, which can be worked out to 44½ tons.

Mr. Ginwala.—Your price of cast steel manufactured by you is Rs. 38 per cwt., that is Rs. 760 a ton. What is the price of rolled steel at present?

Mr. Williams.—Rs. 9 to 10 a cwt.

Mr. Mather.—It is about Rs. 160 a ton.

Mr. Ginwala.—Mr. Williams, you are an expert on steel making?

Mr. Williams.—I know a little about that.

Mr. Ginwala.—It was stated to us that you do not have any acid steel in this country.

Mr. Williams.—That is entirely true.

Mr. Ginwala.—And for that reason you cannot manufacture any railway wheels? But it is well-known that they use cast iron wheels in America. Do you see any inherent difficulty in substituting cast iron wheels for acid steel wheels?

Mr. Williams.—I don't see any inherent difficulty. I don't see why it should not be done.

Mr. Ginwala.—Is there any great risk involved: what is the main objection?

Mr. Williams.—The main objection is in the difference of the strength.

Mr. Ginwala.—How is it that America takes so much risk when they have a larger mileage?

Mr. Williams.—It depends entirely on the size, thickness and design of the wheel.

Mr. Ginwala.—Let us take it this way. You know that our bogey wagons weigh about 40 to 50 tons. In America they have got wagons of 80 tons. Is there any real risk run if we use cast iron wheels for our present rolling stock instead of acid steel?

Mr. Williams.—Not if other conditions are equal, that is to say the way in which they handle it. There might be more careful handling in America.

Mr. Ginwala.—I am asking this because it is of the utmost importance to this country to substitute one kind of casting which we can produce for another which we can't produce.

Mr. Williams.—It is possible.

Mr. Ginwala.—The reason why they have not substituted for so many years is that British standard has been insisted upon?

Mr. Williams.—That is weakening now because they say that the steel may be made by any approved process.

Mr. Ginwala.—Does England produce a considerable amount of acid steel?

Mr. Williams.—Yes.

Mr. Ginwala.—So far as you are concerned you see no inherent difficulty.

Mr. Williams.—No.

President.—There are two more points on which I want to ask questions. You have suggested that in addition to the profit on the capital there ought to be an allowance in your favour as compared with the foreign manufacturer. Do you think that it would be an unfair reply for Government to say that you must make this allowance by reducing your profit for the first three or four years?

Mr. Williams.—Only if our profits were excessive or in the opinion o Government excessive. We must have some advantage.

President.—It seems to me that to ask for this allowance in addition t profit is asking for a good deal.

Mr. Williams.—People won't try us.

President.—What you are endeavouring to get is a profit of 15 pe cent. *plus* 5 per cent. in addition. Don't you think it would be fair fo Government to say that 10 per cent. profit should suffice?

Mr. Williams.—I think it sounds reasonable.

President.—The other point is this. If in fact in any industrial enterprise capital can't be raised unless the industry can pay 15 per cent. on the whole of the capital invested, don't you think it would follow that India lies under a natural disadvantage so great that it is almost absurd to think of trying to encourage industrial development at all? I do not know any country in the world where the whole of the capital invested in an industrial enterprise is expected to return 15 per cent. or where it would be impossible to raise capital without paying 15 per cent. on the whole of it. That is the proposition put forward. What I am suggesting is that, if in fact it is the case that in India you have to pay 15 per cent. on the whole capital then India suffers from a great natural disadvantage. I am not thinking of the particular circumstances of your company. We have got to take it on general lines. That would apply to all the establishments that might be started for this kind of work. It happens in this case that all the capital is put by one firm but in the case of a limited liability company surely it is possible to raise capital by preference shares at 8, 9 or 10 pe cent. Surely a demand of 15 per cent. on the whole capital is rather large.

Mr. Williams.—Mr. Harkishan Das says that he himself recognizes that and thinks that 12 per cent. would be more reasonable.

Mr. Mather.—You have told us in the written evidence that your plant has a capacity of 5,000 tons of liquid steel per year. Would you mind telling me what that represents in steel castings?

Mr. Williams.—At present it represents 33⅓ per cent. less than that.

Mr. Mather.—That comes to 3,300 tons of finished castings. In calculating that figure of 5,000 tons a year of liquid steel did you make full allowance, assuming that your plant is working at full capacity, for shutting down one furnace for relining so that in normal years if you have plenty of orders you will get 3,300 tons of finished castings?

Mr. Williams.—Yes.

Mr. Mather.—You have told us to-day that the largest castings that you could make would be about 2 tons in weight.

Mr. Williams.—I said that two tons would be the gross weight; that means finished weight would not exceed 30 cwts. We have made 35 cwt. castings and we can melt a 50 cwt. heat.

Mr. Mather.—It occurs to me that there is a possibility there of drawing a line between the castings which you produce and for which you claim protection and such castings which you cannot produce and for which there is no obvious necessity at the moment for protection. Supposing any protection were given to steel castings would you object to a line being drawn at castings weighing 2 tons?

Mr. Williams.—We would not consider it necessary to protect anything over 30 cwt.

Mr. Mather.—Another possible explanation that occurs to me is this that for such castings as steel crossing, etc., you would not take orders as you are not sufficiently equipped for that sort of castings.

Mr. Williams.—Points and crossings are highly specialized and it would take some time to develop this line of business, but the simple manganese steel castings such as crusher jaws, etc., we manufacture now.

Mr. Mather.—But even so you won't expect that to be an important part of your business.

Mr. Williams.—No.

Mr. Mather.—As you say if the steel castings required for rolling stock were protected that ought to ensure you a very adequate output and as a consequence you would not particularly expect the Board to consider the possibility of your making steel ingots to replace the crucible steel as an important part of manufacture. You would not regard rolled steel as an essential part of the industry, particularly if you get protection for your rolling stock castings?

Mr. Williams.—That is an essential part of our industry.

President.—If you increase the demand, that is to say if the protection is to be extended not only to steel castings but also to crucible steel your capacity for production is only a small proportion of the total demand? That is a point to which Mr. Ginwala wanted to draw attention.

Mr. Williams.—I don't mean to say that I ask for protection for crucible steel, but I don't wish to exclude it from our own manufacture.

Mr. Mather.—In asking for a protective duty on steel castings you don't feel it necessary to ask for a duty on steel ingots?

Mr. Williams.—No.

Mr. Mather.—In this statement you have given us your current cost of electric current as Rs. 885 on roughly 45 tons of finished steel. I quite understand that these figures are not necessarily exactly comparable. That works out to Rs. 150 a ton of casting. Now if you are on your full output what would you expect that current to cost?

Mr. Williams.—In the same proportion as the President worked out.

President.—Your electric current cost will go down in proportion to the current you consume?

Mr. Williams.—If the output increases the rate will go down. I should like to refer to the agreement to make sure to what extent.

Mr. Mather.—The electric current cost is one of the most important items. I notice that in answer to question No. 12 you say "The Company anticipate that if sufficient orders were obtained to keep the plant in full operation the present cost of production could be reduced by 25 per cent. approximately." If you still agree to that, that would mean that the axle box for which you recently quoted Rs. 32 might be brought down by 25 per cent. which will bring the price to Rs. 24. If I interpret this correctly, that would mean that if your plant is in full operation the axle boxes will cost Rs. 24. But the imported price is Rs. 26. Therefore you will be able to meet competition?

Mr. Williams.—We anticipate that this would take us a number of years to work up to.

Mr. Mather.—But you do anticipate that when you are on your full output you will be able to reduce the price?

President.—If you want to explain that statement you might do that.

Mr. Williams.—We will.

Mr. Mather.—There is one other point. In the covering letter that you sent us on the 28th August you quote a newspaper report on the proceedings at Jamshedpur that Mr. Peterson stated that in the opinion of the Tata Company special steel such as cast steel, etc., should be allowed to come in free and that the present duty should be taken off. I may as well explain that what we took to be in Mr. Peterson's mind was crucible cast steel and not steel castings such as you make.

No. 19.

The Kirtyanand Iron and Steel Works, Ltd., Calcutta.

WRITTEN.

Statement I.—Original representation from the Kirtyanand Iron and Steel Works, Ltd., Calcutta, to the Secretary, Tariff Board, Calcutta, No. 1653-23, dated 4th September 1923.

We beg to submit the following representation on behalf of the Kirtyanand Iron and Steel Works, Ld. This Company is engaged in the manufacture of iron and steel castings and they are specialising in the manufacture of steel castings for railway requirements such as locomotive, carriage and wagon parts. The manufacture of steel castings is a comparatively new industry for India. The company operates one of the largest plants for this purpose. There are three other plants in operation, one private owned and two in the railway workshops, one of E. I. R. and another of the B., B. and C. I. R. The requirements of the remaining Indian railways, which are considerable, are met from abroad.

The Company has spent over Rupees fourteen lakhs in equipping and working its plant. It has to meet large competition with imported materials. The company labours under the additional difficulty that nearly all its raw material has got to be imported from abroad. The pig iron it imports has to pay a duty of 10 per cent., its other materials 15 per cent. This practically works out to a duty of 20 per cent. on its manufactured materials, as against 15 per cent. if the same materials are imported direct.

The present tariff imposes a duty of only 2½ per cent. on spare parts of prime movers and machineries imported under Clause 81 of the Tariff, some of which are steel castings.

The railways also pay a flat rate of Rs. 10 per cent. on all materials imported by them. They will not buy if the prices are higher than what the imported materials would cost them. Considering that the railways are the largest buyers of such materials and that they are exceptionally well placed in obtaining the lowest possible price it is difficult and unremunerative to supply them at competitive prices.

Under such circumstances it is hopeless to expect steel foundries to survive or the steel casting industry to expand in India. The steel casting industry is a very important portion of the steel industry and plays an important part in the industrial development of the country. Steel castings are productions of quality and command very high price. For certain qualities the price may go up to Rupees one thousand a ton and even more. Our normal capacity to produce is about two hundred tons a month but on an average we have produced only about 12 tons a month for lack of orders, which are at present mainly placed abroad.

We therefore claim that a duty of 33⅓ per cent. be imposed on all steel castings imported from abroad and that the same rate of duty be applicable to all spare parts imported under class No. 81 of the present Tariff Act and that railway materials coming under this head should also pay the same duty, or a suitable bounty be given to compensate the present adverse duty and unfair competition.

To secure the establishment and development of the wagon building industry in India, it is essential that protection should also be extended to steel casting industry, otherwise the wagon building industry would mean nothing but the fabrication and fitting up in India of imported materials. The huge requirements of the Indian Railways may be gauged by the fact that every new wagon requires about two tons of steel castings.

Statement II.—Reply to Questionnaire No. I.

1. *Q. The proposal which has been put forward by the Tata Iron and Steel Company is that the duties on imported steel should be raised from 10 to 33⅓ per cent. Do you consider that the adoption of this proposal would* adversely affect the operations of your firm and if so to what extent?

A. The rise in duty will not affect us in any way.

2. *Q*. What are the principal products manufactured by your firm for which steel is a necessary raw material?

A. Steel castings are manufactured by us, for which we make steel from imported pig iron and scrap.

3. *Q*. State approximately the kinds of steel, and the quantity of each kind, required by the firm annually for the manufacture of their products.

A. *Nil.*

4. *Q*. What proportion does the cost of the steel bear in the case of each product to the total cost of the finished article?

A. *Nil.*

5. *Q*. What is the approximate Indian consumption of each product, and what proportion of that consumption is (*a*) imported or (*b*) manufactured in India?

A. No figures of the consumption in India of steel castings can be given by us, but this is considerable. Practically the whole of this is imported.

6. *Q*. What was the actual outturn by your firm during each of the last five years in the case of each product and what is the maximum outturn of which your plant, as at present organized, is capable?

A. Our firm started work in 1922. The actual outturn of steel castings from January, to June, 1923, was 94 tons 11 cwt. The capacity of the present plant is 200 tons of steel castings a month. With some further equipments the plant can easily produce 300 tons of castings a month.

7. *Q*. Who are the principal consumers of the articles produced by your firm and for what purposes are they used? Are any of these products exported from India at present and if so to what extent?

A. The principal consumers are the railways, and after them the engineering firms, mines, collieries, mills, factories, etc. No products are exported.

8. *Q*. Are any of the products of your firm used as the raw material for any other industry, and if so of what industries?

A. Our products may be said, in a sense, to be used as raw materials for the Wagon building and the Engineering industries.

9. *Q*. What foreign competition (including for this purpose competition from the United Kingdom or other parts of the Empire) do the products of your firm have to meet:—

(*a*) in the Indian market,

(*b*) elsewhere?

A. In the Indian market we have to meet English, Belgian and German competition.

10. *Q*. Do you consider that, in accordance with the principles laid down by the Fiscal Commission in paragraph 97 of their report, the circumstances justify the grant of protection to any of the products (of which steel is the principal raw material) produced by your firm:—

(*a*) if the duties on steel were to remain unaltered, or

(*b*) if the rate of duty were to be increased to 33⅓ per cent.?

A. Yes.

11. *Q*. If protection is considered necessary in the case of any product at what rate and in what form do you consider it should be granted?

A. We consider protection necessary and it may take the form of a duty of 20 per cent. on imported material and a bounty of 13⅓ per cent. on steel castings manufactured and sold in India. It should be made compulsory on the part of railways to issue tenders in India and to purchase all their requirements of steel castings in India. Railway materials should pay the same rate of duty as is paid by the public.

12. *Q.* Does the industry in which your firm is engaged ever suffer from dumping so far as those products are concerned for which steel is a principal raw material?

A. We are unable to state definitely. Cast steel-wheels required for mine and colliery tubs are imported and sold in India at prices less than the cost of manufacture in India.

Enclo. to Statement II.

Six-monthly steel castings record. From January 1923 to June 1923.

Months.	Metal used.	Castings produced.	Price @ Rs. 35 per cwt.
	Ton cwt.	Ton cwt.	Rs. A. P.
January . .	26 14	12 0	8,400 0 0
February . .	25 0	14 3	9,905 0 0
March . .	38 0	18 9	12,915 0 0
April . .	26 0	14 14	10,290 0 0
May . .	39 0	19 13	13,755 0 0
June . .	28 0	15 12	10,920 0 0

Statement III.—From the Kirtyanand Iron and Steel Works Ld., Calcutta, to the Secretary, Tariff Board, dated 14th September 1923.

In compliance with your letter No. 233*, dated the 12th September 1923, we beg to submit herewith the information required:—

		Rs.
(1)	The authorised capital is	50,00,000
	The issued capital is	30,00,000
	The subscribed and called up capital is . . .	8,50,000
(2)	Debentures capital is	4,00,000
	Other Loans capital is	2,00,000

(3) About 200 men are employed at present. Only one European is employed, with larger work more would have to be employed. On an average Rs. 6,000 is paid monthly in wages. About 400 men would be required if the Works were in full operation.

(4) Ferro-manganese, ferro-silicon, aluminium and stores like grinding wheels, silica bricks, etc.

(5) The prices we can obtain for castings would barely meet the expenses incurred, when in full operation. It would barely leave any profit. Larger orders would mean less loss.

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* Not printed.

(6) The information regarding costs when producing 125 tons of castings a month is enclosed, which we would like to be treated as confidential.

Statement IV.—From the Kirtyanand Iron and Steel Works, Ld., to the Secretary, Tariff Board, No. 1765-23, dated 19th September 1923.

In connection with the evidence given by our representative, we beg to enclose herewith extract from the letter showing the prices of imported axle boxes. We have omitted the name and address of the writers.

Enclo.

Extract.

"We write to inform you that the price you offer to manufacture these boxes for, *i.e.*, Rs. 25-4-0 each unmachined, works out at Rs. 3-6-3 dearer than we can obtain them from British manufacturers.

We wish therefore to know if you are prepared to reduce your price by the amount of Rs. 3-6-3 per box complete with lid if we place this order with you.

British made axle boxes that we receive machined are all sound, and in the event of your agreeing to this reduction in the price and our placing the order with you, we should pay for the boxes as they were machined and proved sound."

Statement V.

The cost of power on a basis of producing 125 tons of finished castings requiring 3 days steel blowing in the week is as follows:—

	Rs.
Coal	1,500
Power house wages	900
Depreciation on 2 lakhs at 10 per cent.	1,750
Supervision	400
Stores	200
TOTAL	4,750

∴ the cost of power is per cwt. Rs. 1-10-6.

We utilize about 200 horse power in place of 250 actually generated. So the cost of power actually utilized is one-fifth less, *i.e.*, Rs. 1-10-6 *minus* 0-5-6=1-5-0.

We may here point out that if we have an output of 250 tons working daily then the cost would be much more less.

	Rs.
Coal would be	2,500
Power house wages	900
Depreciation	1,750
Supervision	400
Stores	300
TOTAL	5,850

or Rs. 1-2-9 per cwt.=Rs. 1-2-9 *minus* 0-3-9=0-15-0.

As only four-fifths power is used for steel making and casting the cost would be 15 annas per cwt. of castings.

NOTE.—The depreciation charged is 10 per cent., in place of the average 15 per cent. we have shown on our whole plant.

No interest is also shown as it is part of the capital outlay on which profit is calculated on the finished product.

Statement VI.—From the Kirtyanand Iron and Steel Works Ld., Calcutta, to the Secretary, Tariff Board, Calcutta, No. 1850-23, dated 1st October 1923.

In reply to your letter No. 289* of the 20th ultimo, we beg to append below the list of articles which the company intend to standardize and can commercially manufacture.

(1) Colliery tub and Railway trolley wheels.

(2) Railway Castings, among which may be mentioned—

- (*a*) Wheels for Railways, preferably metre gauge wheels and Engine wheel centres.
- (*b*) Axle Boxes (Engine and Carriage).
- (*c*) Buffer Casings.
- (*d*) Buffer Washers, etc.

We are shortly sending you the statements showing the detailed cost of manufacture and the prices of the imported articles, as far as can be ascertained.

Statement VII.—From the Kirtyanand Iron and Steel Works Ld., Calcutta, to the Secretary, Tariff Board, Calcutta, No. 1996-23, dated 30th October 1923.

We beg to submit the following note regarding the steel casting industries as asked for by the President in the course of his examination of Mr. R. C. Pandit on behalf of the Kirtyanand Iron and Steel Works Ld.

Under the present circumstances, the steel casting industry in India has to depend mainly on the wagon building and wagon repair requirements of the railways, and may be considered a part of it.

It is only in the last two years that Factories have been put up to make steel castings and nothing else, and it is therefore a very new industry. Even in Europe and America which are industrially so far advanced and have to supply the World's markets, steel foundries depend for a large portion of their orders on rail road requirements, the Automobile, Marine, Engineering and other requirements coming next.

We enclose herewith a list of steel castings that are required for other than building wagons. These castings are generally imported as Spares or Component parts.

In India at present about 75 per cent. of the requirements come from wagon requirements. But with the expansion of industries and a knowledge of the availability of supplies locally, the other requirements will develop. With this end in view we had asked for the imposition of the duty at normal rate on Component parts of machineries imported under Schedule No. 88 of the Tariff Schedule. The present regulations give a rather free latitude to the import of Component parts, which are charged at 2½ per cent. If these are to be favoured at all, 2½ per cent. should be charged only when these are imported along with the machineries in reasonable quantities. Thus the sub-clause to 88 should be omitted and the following addition made in the main clause: " when imported with it on such quantities as may appear to the Collector of Customs to be reasonable.".

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* Not printed.

The other requirements apart from wagon requirements for steel castings are also very large. We may instance the manufacture of points and crossings for the railways. This demand can keep a foundry busy the whole year. The Engineering requirements are also not small.

If a large portion of this is bought locally then there would be sufficient work for several steel foundries, and as such it can exist as a separate industry.

Oral evidence of Mr. R. C. PANDIT, representing the Kirtyanand Iron and Steel Works, recorded at Calcutta on the 19th September 1923.

President.—You have told us in your letter of September 14th that the subscribed and called up capital is Rs. 8¼ lakhs, debentures Rs. 4 lakhs and other loans Rs. 2 lakhs. That makes in all Rs. 14¼ lakhs. I take it that the debenture loan was issued since your last balance sheet.

Mr. Pandit.—As we have mentioned in our balance sheet the debenture was issued to cover the loans already contracted. We had a bank overdraft of Rs. 3 lakhs.

President.—But your total on both sides of the balance sheet on December 1922 was Rs. 13¼ lakhs. It has gone up to Rs. 14¼ lakhs This difference I think is the difference accounted for by capital expenditure, more equipment and things of that kind.

Mr. Pandit.—It is rather the losses we have incurred.

President.—It is practically current finance.

Mr. Pandit.—But something of that was capital spent.

President.—Apparently then Rs. 10 lakhs is the block, Rs. 1½ lakhs is working capital (as far as I can make out from your balance sheet) and the balance is at the debit of profit and loss.

Mr. Pandit.—Yes.

President.—When was this firm formed?

Mr. Pandit.—In 1920.

President.—And it began to work in February 1922?

Mr. Pandit.—Yes.

President.—I understand that the name the company bears is taken from the name of your Chairman, Raja Kirtyanand of Baneli.

Mr. Pandit.—Yes.

President.—Are the shareholders all Indians?

Mr. Pandit.—Practically all Indians with the exception of half a dozen Europeans.

President.—Are they mostly residents in Bihar or in Bengal? I mean are most of the shares held in Bengal or in Bihar?

Mr. Pandit.—The Raja Sahib holds about three-fourths of the capital, and the rest is distributed between Bengal and Bihar. But these are small shareholders, Rs. 3 lakhs being distributed among 700 persons.

President.—Turning now to your letter of 4th September there are two or three points there that want a little clearing up. You say "The pig iron the Company imports has to pay a duty of 10 per cent., its other materials 15 per cent. This practically works out to a duty of 20 per cent. on its manufactured materials as against 15 per cent. if the same materials are imported direct." I do not follow this.

Mr. Pandit.—I may explain that the duty is rather unhappily placed and is a handicap to the manufacturer. We have included in that percentage interest charges, depreciation, etc.

President.—Interest and depreciation have to be provided for by other manufacturers. They are not peculiar to you.

Mr. Pandit.—But we have to bear it very heavily being only new.

President.—That surely is an accidental circumstance affecting your Company. I still do not follow. You pay 10 per cent. on pig iron, 15 per cent.

on other materials. How does that work out to 20 per cent. on manufactured materials?

Mr. Pandit.—We have also taken interest and depreciation on Rs. 14 lakhs and they in all work out to 20 per cent. That is how we have calculated. If we had put it as "handicap" that would have been more clear.

President.—It is simply a question of what proportion the duty that you pay on your imported materials bears to the cost of the manufactured articles.

Mr. Pandit.—The duty by itself will not affect us to that extent.

President.—But what do you mean when you say that this practically works out to 20 per cent.?

Mr. Pandit.—That is not happily expressed. We had only the idea of "handicap." If you calculate the duty alone it will not come to that figure.

President.—If you meant only "handicap" I am ready to accept.

You have stated in your letter of 14th September that the imported materials on which you have got to pay a duty are Ferro-Manganese, Ferro-Silicon, Aluminium and certain other stores. You also mention Silica bricks as amongst the stores you have to import. Are they not manufactured in India?

Mr. Pandit.—But our operators do not trust themselves with silica bricks made in this country. They say they won't be satisfactory.

President.—Do you mean your cooly labour?

Mr. Pandit.—I mean our experts.

President.—But the Tata Iron and Steel Company trust a good deal to the country bricks and are using them to the largest extent possible.

Mr. Pandit.—Our experts want the best thing. We were even importing fire clay but we have since managed to convince them that the country fire clay will do as well.

President.—Do the temperatures in your process exceed the temperature in the open hearth furnace?

Mr. Pandit.—Yes. The temperature in the converters comes to 1700° centigrade, and even more.

President.—Would you say that a better quality of silica brick is required for your converters than would be required for a blast furnace or an open hearth furnace?

Mr. Pandit.—Yes. The best quality would be required.

President.—What is the difference between imported silica brick and the silica bricks produced in Kumardhubi?

Mr. Pandit.—I cannot tell you without reference. We have taken a small supply but our experts are very diffident to use it.

President.—In the last paragraph of your letter of 4th September you say "to secure the establishment and development of the wagon building industry in India it is essential that protection should also be extended to steel casting industry, otherwise the wagon building industry would mean nothing but the fabrication and fitting up in India of imported materials. The huge requirements of the Indian Railways may be gauged by the fact that every new wagon requires about 2 tons of steel castings." Where did you get that figure of 2 tons?

Mr. Pandit.—It is a rough calculation we made.

President.—Other witnesses have given us very different figures. One witness I think gave the figure as about half a ton, and the figure supplied by the Standard Wagon Co. in giving the total quantities of materials required for their full outturn of 2,000 wagons a year was 704 tons of cast steel. This comes to a little more than one-third of a ton.

Mr. Pandit.—But we included also the wheels.

President.—Is there any firm making steel wheels for wagons in this country at present?

Mr. Pandit.—I don't think so.

President.—If you include the wheels then I can understand how your figure goes up.

Mr. Pandit.—We mean the wheel centres. The inner portion of the wheel is one piece and the tyre is a separate thing and they are fitted up here.

President.—I understand now how you arrive at that figure for the weight. Is it not a fact that a very special quality of steel is required for the wheels?

Mr. Pandit.—Not for the wheel centres. The tyre is made of a special quality of steel. Metre gauge wheels are being made in India at the Bombay, Baroda and Central India Railway workshops. They have got a plant much the same as ours and they are making cast steel wheels for metre gauge rolling stock—I mean only the centres. This is done at their workshops at Ajmere.

President.—In the preceding paragraph of the same letter you claim that a duty of 33⅓ per cent. be imposed on all steel castings imported from abroad and that the same rate of duty be applicable to all spare parts under "class 81" of the present Tariff Act and that railway materials coming under this head should also pay the same duty. What exactly do you mean by "class 81?" Do you mean the Tariff Act or the Finance Act?

Mr. Pandit.—We referred to the Tariff Schedule. We regret that this is a mistake. It should be clause 88 of the Tariff Schedule.

President.—When steel castings are imported as component parts of machinery they should be liable to the same duty as the machinery. That is your claim?

Mr. Pandit.—When they are fitted on to the machinery they should pay the same duty as machinery.

President.—You would not impose an extra duty then?

Mr. Pandit.—We do not manufacture machinery on a large scale in India and it would not be fair to do that. But the spare parts we can make here and there is no reason why spare parts should be imported.

President.—Your works are not very far from Asansole: they are on the East Indian Railway lines. How far from them is the nearest railway station?

Mr. Pandit.—One and a half miles.

President.—And the station in the opposite direction?

Mr. Pandit.—Just about two miles.

President.—Have you any siding to your workshops?

Mr. Pandit.—No. We have to cart goods to and from the station.

President.—You are about 200 miles from Calcutta?

Mr. Pandit.—About 150 miles.

President.—Do you think that your works are well situated from the point of view of supplying spare parts of machinery to manufacturers?

Mr. Pandit.—Yes. I should think so.

President.—Don't you think that works at Calcutta would be able to cut you out over materials of that kind?

Mr. Pandit.—Not necessarily.

President.—I admit in respect of coal mining machinery if any steel castings are required you are advantageously situated.

Mr. Pandit.—Yes. We are favourably situated for that. Much of the demand can be met from a Calcutta depot and the freight will not be prohibitive.

President.—You have got the expense of keeping a depot in Calcutta.

Mr. Pandit.—It will not be so much as having a factory here or near it.

President.—Of course it is a question of calculating advantages and disadvantages one way and the other but it is a good deal easier for the manufacturer when he wants a spare part in a hurry to ring up a firm two or three miles away on the telephone and give his order then and there.

Mr. Pandit.—That is advantageous no doubt.

President.—So I suggest the prospects of a firm 150 miles away from Calcutta for that particular kind of work are not very encouraging.

Mr. Pandit.—There are only one or two spare parts that we manufacture in regard to which a factory in Calcutta will be more advantageous: for a number of other articles I think we are in as good a position as any factory in Calcutta.

President.—If a firm were intending to order spare parts in large quantities then they might prefer to get them from the Home manufacturers. Of course by putting on a duty you would not prevent it.

Mr. Pandit.—We supply spare parts to merchants and dealers and they sell to users.

President.—Have you any orders from dealers or merchants?

Mr. Pandit.—Only for replacements.

President.—They want these to be supplied very quickly?

Mr. Pandit.—That everybody wants. Nobody says " You can take your own time.''

President.—In view of the railway difficulties can you export your stuff to Calcutta within the stipulated time?

Mr. Pandit.—Not absolutely.

President.—Is not that a considerable disadvantage?

Mr. Pandit.—But we are hopeful that the railway position will improve. It has sometimes taken six months to get a thing from Calcutta or to Calcutta.

President.—At the moment then you are not in a favourable position to deal with this particular class of work?

Mr. Pandit.—In that case we will manufacture and stock in Calcutta, where there is always a large demand.

President.—Have you thought of doing that?

Mr. Pandit.—Not yet but if there is a demand we will be able to do it.

President.—You say in your letter of 14th September in answer to question No. 5 " the prices we can obtain for castings would barely meet the expenses incurred, when in full operation. It would barely leave any profit. Larger orders would mean less loss." Can you give us the current prices for particular castings that you consider as typical? I suppose " axle boxes " is one of them.

Mr. Pandit.—We charge Rs. 35 a cwt. for our castings. Each axle box would cost Rs. 26-8-0.

President.—What prices have you obtained for the last six or seven months for axle boxes?

Mr. Pandit.—We have obtained from Rs. 26-8-0 to Rs. 26-12-0.

President.—Can you give me some more prices? You have said that the prices would be unremunerative even on the full outturn. What are the prices you refer to when you say that the prices are unremunerative?

Mr. Pandit.—I do not get more than Rs. 35 a cwt.

President.—Then Rs. 35 a cwt. is the average price that you get for your castings.

Mr. Pandit.—Yes. I may show you this letter in which the writer said that the price we quoted was very high compared to the British price.

President.—Would you put that in? Can it be published?

Mr. Pandit.—I am ready to put it in but I would not disclose the name of the party to the public.

President.—Then send a copy* of the letter to us omitting the name of the party.

Mr. Pandit.—We will do that.

President.—What is the weight of an axle box?

Mr. Pandit.—¾ cwt. and a few lbs.

President.—You say you have obtained for axle boxes between Rs. 26-8-0 and Rs. 26-12-0. Have you any reason to believe that the price has fallen recently?

Mr. Pandit.—No. I cannot say that. I have no information.

President.—I understood that the letter you handed to me just now had some reference to that subject.

Mr. Pandit.—At that time we could only get that from the firm. That might be the price for small orders or urgent requirements from the railways.

President.—Are you in a position to say what price the railways would pay for a large quantity of axle boxes?

Mr. Pandit.—I have no idea what price they pay. There was a recent enquiry and I quoted that figure but I have not received any reply from the railways.

President.—Were you tendering for a large order?

Mr. Pandit.—It was an enquiry only for 100 axle boxes.

President.—Your claim is for a duty on axle boxes imported into India. Don't you think it reasonable for the Board to ask you what is the current price for large orders of axle boxes?

Mr. Pandit.—I can only show my own cost: I cannot say what price the railways will be paying.

President.—But surely the whole question for protection arises out of the prices obtainable. I think that is a matter on which the claimant for protection is bound to make out his claim. However you are not in a position to tell us that.

What has been your difficulty as regards obtaining orders?

Mr. Pandit.—We have the difficulties from which all new manufacturers suffer. Our articles are not known. Then the great difficulty was that our things were not given a trial. The orders we received were so small sometimes that we had to supply them at a great loss.

President.—I recognise that at the beginning the important thing is to get orders so as to get started. What is the policy about the prices at which you are prepared to supply at present?

Mr. Pandit.—I am supplying practically at my cost price on a normal output with only a small margin of profit.

President.—Are you prepared to supply at about the same price as the imported article or at something less?

Mr. Pandit.—If it pays us we will supply at less than the price of the imported article.

President.—After all it is a practical question that comes in. When you start a new industry either in this country or in any other country, in order to get an entrance into the market at all it is sometimes necessary to under-cut the imported article. Have you considered it from that point of view?

Mr. Pandit.—We have considered it. We could not afford to under-cut prices further.

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* *Vide* Statement No. I.

President.—Do you believe that the prices you have been getting are approximately those of the imported articles?

Mr. Pandit.—Yes. Approximately.

President.—Have you been able to verify them at all?

Mr. Pandit.—It is very difficult to verify about steel castings. Unless you ask for a particular material you cannot get quotations from Home. Only in the case of wheels for colliery tubs we reduced our price to Rs. 80.

President.—When you first began to make them what price did you get for them?

Mr. Pandit.—About Rs. 84 for four wheels fitted to two axles. The weight of four wheels would be nearly a hundredweight.

President.—Is that the highest price you obtained for them?

Mr. Pandit.—Yes. They would compare with the best English material. But in this market there were a lot of Belgian and German materials and we had to cut our prices further to compete with them. Their price was Rs. 24 for four wheels fitted to axles.

President.—Do I understand that in your view the Belgian and German wheels are not so good?

Mr. Pandit.—They are fairly as good.

President.—Then they are comparable to the wheels you turn out and the British wheels. The reason why I ask this is that you said that the wheels you made were of excellent quality and comparable with the wheels made in England but that you have been cut out by wheels made in Belgium and Germany. Am I to understand that the wheels made in Belgium and Germany are also as good?

Mr. Pandit.—For the work they were required to do they were good enough but not quite so good as ours.

President.—If you make an article of the best quality it is difficult to get people to pay for that extra quality when they can get articles which are good enough at a cheaper rate.

Mr. Pandit.—But we have been up to this making the best articles. If we made inferior articles from the start that would give us a bad name.

President.—Yes, no doubt, but still there is always the difficulty that when there is something good enough and cheaper there is always the difficulty of preventing them being used.

Now I will pass on to the statement sent in with your letter of the 14th September. You mark this as confidential, but looking through them it seems to me that most of the information we want we can obtain without actually quoting the figures you have entered in the statement and I do not propose, unless the Company actually wishes it, to sit *in camera* to ask questions on it. If we come to any question that you prefer not to answer in public I would then ask the Press representatives not to take down the answer.

Mr. Pandit.—Yes.

President.—To take the first figure in your statement you give a certain price for pig iron. Do you regard that as confidential?

Mr. Pandit.—No.

President.—The price you give landed at your works is Rs. 130-8-0 and the price quoted including duty is Rs. 128-12-0. That I take it is twice the price of Indian pig iron?

Mr. Pandit.—Indian pig iron costs us about Rs. 86 a ton, that is about 50 per cent. more.

President.—You do occasionally use pig iron?

Mr. Pandit.—Yes, for iron castings.

President.—The price is Rs. 86 landed at your works?

Mr. Pandit.—That is the price we pay; there is a small freight.

President.—You obtain them from the Indian Iron and Steel Co.?

Mr. Pandit.—And from Messrs. Tata Iron and Steel Co. and the Bengal Iron Company. But the freight from Tatas is about Rs. 5.

President.—You of course naturally go to the nearest place where you can get it cheap and the Indian Iron and Steel Co. is close to your works. I understand that for steel castings Indian pig iron will not do.

Mr. Pandit.—No.

President.—Is it because the proportion of sulphur and phosphorus is too high?

Mr. Pandit.—Phosphorus is too high.

President.—Have you considered the question from the point of view that as you are dependent entirely for much the more important raw material on imported supplies that does differentiate any claim for protection in your case from the claim of the Tata Company whose raw materials are almost all produced in India?

Mr. Pandit.—To that extent it does, that we use imported material.

President.—It affects you in this way: that one of the arguments used in support for claim for protection for steel is the national emergency, that if you are involved in war it is very important that the country should be able to produce its steel from its own raw materials. But if you are cut off from your supplies of pig iron you won't be able to do it.

Mr. Pandit.—I should be able to do it but the castings will not be so good.

President.—Take the next figure—scrap steel. Do you want that figure to be treated as confidential?

Mr. Pandit.—No.

President.—Your scrap costs you Rs. 90 a ton. We were told by another firm that the average price at which they had bought was Rs. 80 a ton. There is a considerable difference.

Mr. Pandit.—I can't say; unless they bought a very huge quantity from a sale they could not have obtained it so cheap.

President.—Where do you get your scrap from?

Mr. Pandit.—From dealers in scrap in the bazar.

President.—Have you ever considered the question of tendering for parts of scrap auctioned by Railways in India?

Mr. Pandit.—Our requirements are not very large and unless we tender for a large quantity it is no use submitting tenders.

President.—If you obtain on a very large scale you may get it for a less price.

Mr. Pandit.—We know, the Munition Board scrap went at a very low price.

President.—It seems to me that if you wish to produce on a large scale and reduce the cost of production Rs. 90 a ton would be a very high price indeed for scrap. Is that the average price you actually paid?

Mr. Pandit.—From about Rs. 80 to 90.

President.—What quantities were you buying at a time?

Mr. Pandit.—20 to 40 tons.

President.—It certainly seems to be a high price.

Mr. Pandit.—The market price was about that figure.

President.—About what time was that?

Mr. Pandit.—We have always been paying about that price. We satisfied ourselves that we could not get that cheaper.

President.—We had some figure from the Tata Company for the purchase of scrap and the figure they gave us was somewhere in the neighbourhood of Rs. 40 a ton.

Mr. Pandit.—If you buy hundreds of tons from the railways you get it at that figure.

President.—They do not buy very large quantities because a great deal of what they require they produce themselves.

Mr. Pandit.—Our scrap is of the very best quality.

President.—What sort of scrap is that.

Mr. Pandit.—Old springs broken up, which naturally fetch a higher price.

President.—*In the same statement you have given us a figure for depreciation. The precise figure you have entered is not of considerable importance but the percentage is of importance. Do you think that the percentage you say should be charged for depreciation is the proper figure?*

Mr. Pandit.—Yes.

President.—Is there any objection to the percentage being mentioned?

Mr. Pandit.—No.

President.—The figure you have given is 15 per cent. Does not that mean that at the end of 7 years your buildings and plant would be worth nothing and will have to be replaced?

Mr. Pandit.—I meant to say that the sheet covering on our factory would be damaged by acid fumes from the converters. In fact we are told that it would not last for more than 5 years and continuous repairing and relining of the coverters mean much labour and expense.

President.—Does that mean that you are including under the head depreciation what is usually charged for repairs and renewals?

Mr. Pandit.—We have not made provision for it elsewhere.

President.—Of course it is quite true you cannot draw an absolute line between depreciation and repairs and renewals, but the common practice is that repairs and renewals which constantly occur and can be averaged are separate from depreciation, which is intended to cover replacements and renewals that occur irregularly and at longer intervals. However, you have got them both together?

Mr. Pandit.—Yes.

President.—As you have not been working for a very long time it may be very difficult for you to give even an approximate figure. Will you give us the actual amounts you have been spending?

Mr. Pandit.—In our last balance sheet we provided only 3 per cent. but we are not in a position to provide anything now.

President.—I was thinking that, when a factory has been working for three or four years, it begins to know pretty accurately what the ordinary repairs and renewals come to cost year after year.

Mr. Pandit.—We have only been working for hardly a year but I think it would come to 15 per cent.

President.—The next item is interest. You say that you have to pay interest on about 6 lakhs. That corresponds with the figures you have given us in the other letter—4 lakhs debentures, and 2 lakhs for loans. What it comes to roughly is this, that about 2 lakhs has gone into your fixed capital expenditure, that is to say your share capital is less by that amount than your fixed capital expenditure. You want a little over 1½ lakhs for your working expenses and the remainder stands at the debit of the profit and loss account. Well, I would like to put this question to you: your accounts are of interest to us not as affecting you directly but in so far as we can take them as representing what it would have cost any other firm. It is a question that requires consideration whether it is a fair charge in the cost of production to include the interest or the losses made during the first three or four years. I don't express any o[illegible] I should like your opinion.

Mr. Pandit.—Yes, it would be a fair charge on the cost.

President.—How do you justify that?

Mr. Pandit.—This money has all gone in the establishment of the factory.

President.—Do you think that is inevitable for any firm?

Mr. Pandit.—I can't say about others.

President.—If it be the case that any firm making steel castings during the first three or four years must expect to make heavy losses and they will have to provide for them from the capital one way or another, and then the interest on that capital appears to be a fair charge on the cost, but on the other hand if it is merely accidental in the case of your firm to incur this loss, then it is not so clear that it is a fair charge on the cost of production.

Mr. Pandit.—Every company starting the manufacture of steel castings would have to pay for their experience.

President.—I think your losses perhaps have been unusually heavy owing to bad luck, but if they are typical I don't think this is a very promising outlook for the industry as a whole.

Let me put another point. If your request for protection is granted do you think a firm starting business after that will have the same difficulty?

Mr. Pandit.—Yes.

President.—Will they still have to make the same losses?

Mr. Pandit.—Yes. They will still have to incur losses, but they will be better off than us in this way that they will have the experience of the other firms who have incurred losses to go on.

President.—But if the duty operated in the usual way and the prices are raised will that not reduce the loss?

Mr. Pandit.—Yes, if the prices are raised to that extent the losses would be recouped.

President.—That is really the point. If the protection is granted it might be reasonable to make a smaller allowance for interest as part of the loss you incur would not be liable to be incurred by firms starting after that.

Mr. Pandit.—Yes, they would certainly be in a more advantageous position than we are.

President.—I see that you suggest that a 15 per cent. dividend on the capital of the Company would be reasonable. Do you consider that any industrial concern which pays less than 15 per cent. on the whole of its share capital is not a success.

Mr. Pandit.—There are industrial concerns paying less than 15 per cent.

President.—As it happens the whole of your subscribed capital is ordinary capital, but in the case of others might it not be possible that a part of the capital might be preference capital?

Mr. Pandit.—In fact we also had some preference capital but none was subscribed.

President.—The point is this: if money cannot be raised for industrial purposes in India except on the expectation that investors will get 15 per cent. on their capital it rather suggests that India is under a handicap as regards industrial development.

Mr. Pandit.—People would not put in money for a small return unless they are assured of the success of the undertaking. That is what the public are not assured of.

President.—There is no doubt that in all countries of the world money will not come for industrial purposes unless there is a reasonable prospect of success. But if the Indian investor demands as high a rate as 15 per cent. on the whole of his capital, then I suggest that Indian industry stands at a great disadvantage in comparison to other countries.

Mr. Pandit.—Indian money will always demand a larger return.

President.—What would you ascribe that to?

Mr. Pandit.—Disinclination of people to invest in industrial concerns and preference for land investments.

President.—Do you think they get 15 per cent. in lands?

Mr. Pandit.—They get from 3 to 4 per cent.

President.—You have given us an estimate of the wages you will have to pay to get an outturn of 125 tons a month. On what basis did you base that estimate?

Mr. Pandit.—From our past experience.

President.—As you stand at present I understand you are employing about 200 men. In the estimate you submitted to us, how many men have you put?

Mr. Pandit.—400.

President.—During the six months from January to June your output was something like 16 tons a month and you were employing 200 men.

Mr. Pandit.—Yes

President.—For that number of men to get the full value you ought to get 60 tons and you are only actually getting something like 16.

Mr. Pandit.—That is because we have not orders enough to keep them fully employed and we had to keep our best men whether we got any orders or not.

President.—When you first started where did you get your moulders from?

Mr. Pandit.—We obtained our first moulders from Ajmere where they had been working in the Railway workshop in the steel foundry, but our present workmen are all got from the locality.

President.—Are they men with previous experience in iron moulding?

Mr. Pandit.—Some of the labourers are, but the ordinary coolies are also now getting fairly trained.

President.—Do you find the men with previous experience in iron moulding take a very long time to learn steel moulding?

Mr. Pandit.—Not much: four to six months. Of course you have got to make them understand that they are not to go on their old ideas.

President.—The men from Ajmere did not stay with you very long?

Mr. Pandit.—No.

President.—They were useful, I take it, in training the labour to some extent?

Mr. Pandit.—To a very small extent.

President.—What proportion of "Waster" castings do you get? I mean castings that you cannot use and you have to scrap.

Mr. Pandit.—That comes up to 25 per cent.

President.—Has there been any improvement in that respect since you first started?

Mr. Pandit.—There has been some improvement but not much.

President.—You attach a statement in answer to our questionnaire from which it appears that approximately the weight of castings produced for six months was just about half the weight of the metal used, but I take it that a certain amount of wastage is constantly going on.

Mr. Pandit.—A part of it is wasted under oxidization and a part is lost by burning and then there are bad castings and the feeders and runners take up a good portion.

President.—When you reach the stage of producing 125 tons do you expect that the figure will be as bad as that?

Mr. Pandit.—We expect to get a better figure.

President.—I gather from your cost statement that the amount of pig and scrap is still running to something in the neighbourhood of twice your outturn of castings.

Mr. Pandit.—But we have a certain amount of scrap returned.

President.—I quite recognize that it is not all dead loss: a part of it comes back to you.

Mr. Kale.—I regret I have not been able to follow your justification for the claim for protection. I should feel thankful if you will briefly tell me how you justify your claim for protection. What I seek is this. You should be able to tell us what are the peculiar advantages of India and of your concern in the production of steel and steel castings and what are your peculiar disadvantages and how in the near future you hope to get over the disadvantages with the help of the protection you are seeking. I want first to know what are your particular advantages for this particular industry.

Mr. Pandit.—Steel castings are absolutely necessary for the industrial progress of the country. Without steel castings we cannot produce machinery and if there is a breakdown you cannot replace them.

Mr. Kale.—That is to say that you think that the industry is of national importance? Do you think it is a basic industry?

Mr. Pandit.—Yes.

Mr. Kale.—Is there any possibility of your steel castings being substituted by other things: iron for instance?

Mr. Pandit.—No. The tendency is to substitute steel castings for iron castings as they last better and wear longer.

Mr. Kale.—If your steel castings begin to cost more, naturally there will be a tendency for substituting a cheaper article.

Mr. Pandit.—Provided the casting is of the same quality then of course you can substitute cheaper material but if a certain resistance or pressure is required from the casting which can only be got from steel castings you cannot substitute iron castings.

Mr. Kale.—Do you not think there is much room for this substitution?

Mr. Pandit.—No. In fact it is the other way.

Mr. Kale.—You base your case upon the argument of national importance?

Mr. Pandit.—Upon the national necessity of having a steel casting industry in India. It has often happened that a certain material was urgently required for a certain factory. If there were no steel castings in India they would have to stop the work in order to get them imported. There will be much trouble.

Mr. Kale.—Would you protect the industry at any cost?

Mr. Pandit.—Yes.

Mr. Kale.—Irrespective of any disadvantages that may accrue from the measure of protection?

Mr. Pandit.—At a reasonable cost I should say.

Mr. Kale.—What is expected is that a country should find it possible to overcome some of the disadvantages from which it has been suffering in the course of a few years. Protection is always asked for a temporary period. In your case what are the temporary disadvantages that you can overcome?

Mr. Pandit.—This is a new industry for India. We have to buy our experience. Our articles are costing us more. We have to train our labour, we have to find out the best material, the best use for the material and the best way of doing things in the industry. All these mean money.

Mr. Kale.—Don't you think that it is rather unfortunate that you have to buy your principal raw material from a country from which your competitors come?

Mr. Pandit.—There is no option so far as we are concerned. This country cannot produce that quality of pig iron we require. There is no help for us.

Mr. Kale.—Is not that a permanent handicap?

Mr. Pandit.—Until some way is discovered to do away with the phosphorus in the Indian pig iron.

Mr. Kale.—If a rebate is granted to you then you will be placed on a footing of equality with your competitors?

Mr. Pandit.—Not entirely but to some extent.

Mr. Kale.—I have not been able to follow from the answers given by you to questions put by the President what is the cost of your production and that of your competitors of certain standard articles,—whether there is a difference of 15 or 20 per cent. between them. Therefore it is very difficult for me to make up my mind how far it will be possible to give you protection by means of a duty.

Mr. Pandit.—Considering the handicap to us and what we would require to live on, we have asked for 33⅓ per cent.

Mr. Kale.—Costs are ultimately relative. We know what your costs are but after all these costs have to compete with those in foreign countries and you ought to be able to form an opinion as to what the difference is, whatever it may be. You must be able to form some opinion.

Mr. Pandit.—With the experience we have it is impossible to form that opinion. At present we are going on and have told you what we are suffering from and what would allow us to exist and build up.

Mr. Kale.—How do you know that 33⅓ per cent. would be enough? Unless you have got the other figures how can you show that 33⅓ per cent. would do? How can you make that calculation?

Mr. Pandit.—We will be able to produce castings which we can sell at Rs. 35 a cwt. and we expect large orders for it. On that basis we have gone.

Mr. Kale.—When you started your works you must have formed some estimate as to your costs, your selling price and the foreign selling price.

Mr. Pandit.—That was immediately after the war. At that time the price of iron and other materials was very high and we expected a profit of 100 per cent.

Mr. Kale.—You started in 1920: it was a year of industrial boom.

Mr. Pandit.—Just at the end of the boom

Mr. Kale.—You expected very high prices but these expectations were not realised.

Mr. Pandit.—Not only that but difficulties which we did not foresee cropped up and put us to endless trouble and expense.

Mr. Kale.—Don't you think that in the long run, from the point of view of the country as well, it will be much more to the benefit of the Railway companies themselves to start their own casting works? After all your big customers are the railways. It is they who purchase the castings from you. There are already two or three Railway Companies who are manufacturing their own steel and also castings. Will it not be more economical for these railway concerns to develop their own casting works rather than that your profits, your interest, etc., should be added on to the price?

Mr. Pandit.—If they can produce it at as cheap a rate as a commercial firm is able to that will be worth while

Mr. Kale.—Do you think there is any difficulty in their way, or they will not be able to do it on a sufficiently large scale as you are doing it?

Mr. Pandit.—Their costs are generally more than what a general commercial firm can supply articles for.

Mr. Kale.—Even in the case of company owned and company managed railways you think they are not able to compete with local business firms.

Mr. Pandit.—No.

Mr. Kale.—What do you attribute that to?

Mr. Pandit.—To their methods of working which are generally expensive. Perhaps in some places they may be able to produce at as cheap a rate as in commercial firms.

Mr. Kale.—Your castings are used, so to say, as a raw material for building of wagons and if as a result of protection granted to you as you propose, the price of the castings goes up and the railways have to pay more for their castings, then the price of wagons would also go up to that extent. Also the consuming public will have to pay more.

Mr. Pandit.—Apparently.

Mr. Kale.—The difficulty in the case of a business like yours is this. You have got a number of stages in the whole process, from the extraction of the iron ore to the supply of railway facilities to trade and industry: there is the manufacture of pig iron, steel and castings and then the manufacture of wagons and the use of the wagons by the railways; so that there are so many intermediate stages and if you go on adding profit at every stage then the final burden on the consumer will be very heavy. Have you realised that?

Mr. Pandit.—In the present state of industrial organisation it must be so. It is very seldom that all these stages are combined in one corporation or company and that they produce from the iron ore to the finished wagon. Such corporations may be one or two in the world. I do not know of any.

Mr. Kale.—Do you expect that you will be able to reduce your cost in the course of the next few years?

Mr. Pandit.—Yes. Taking the other things as they are if we have a fairly large order which will keep us fully occupied we would be able to reduce our cost very soon.

Mr. Kale.—By how much? I do not want an exact figure.

Mr. Pandit.—About 15 per cent. There are always economies in large productions.

Mr. Kale.—What your demand practically amounts to is that you want that the railway demand for castings should be diverted from the English to the Indian firms. Have you any idea as to what proportion Indian firms like your own are able to supply out of the total demand for castings?

Mr. Pandit.—At present they can supply a very small proportion but given the opportunity I think they will be able to supply a large percentage of the requirements. In fact there was another company started in Bombay for making steel castings. But although they brought out the plant, they were not able to instal it and they went into liquidation. If there is a demand in India and a fair price can be obtained for the material I think not only we will be able to extend but other firms will start to take up the industry.

Mr. Kale.—Do you expect Government to force these railway companies to buy in India or would they force their hands by means of an import duty?

Mr. Pandit.—Yes.

Mr. Kale.—You have suggested two ways—import duty and subsidy.

Mr. Pandit.—I would ask for a small import duty and the balance subsidy.

Mr. Kale.—Subsidy on the whole tonnage of your output?

Mr. Pandit.—Subsidy on things manufactured and sold by us in response to demand?

Mr. Kale.—Not the gross outturn?

Mr. Pandit.—No. The net sales.

Mr. Kale.—Would you combine the two?

Mr. Pandit.—Yes. Because just now we are making a small proportion of the requirements of steel castings and unless we are able to supply a larger portion of the demand I do not think it would be fair to put a burden on all materials.

Mr. Kale.—Do you expect this money for subsidy to come from the general revenues of the country?

Mr. Pandit.—Yes.

Mr. Kale.—Have you tried to realise the difficulties in the way of subsidies being granted? Are you aware that a subsidy is not popular with the tax-payer?

Mr. Pandit.—I do not think that in the case of the steel castings it will amount to a very large figure.

Mr. Kale.—We have no reliable statistics as to what amount of castings we import into India. Until that is known you cannot form an idea as to the amount of subsidy to be paid.

Mr. Pandit.—The subsidy will be only on castings manufactured in India.

Mr. Kale.—In answer to a question put by the President you said that in India capital being very shy, you have at the present moment to pay a high rate of interest.—Is not that also a sort of permanent handicap to a new industry? Do you think that that handicap will be removed in ten years? Do you think that those who have capital will be satisfied with a lower rate of interest?

Mr. Pandit.—No. Not in the near future.

Mr. Kale.—You are aware that the rate of interest on Government securities is going down. If that is so, should not the rate of interest on industrial capital also go down? If the general rate of interest on capital is going down should 15 per cent. be expected out of an industrial concern?

Mr. Pandit.—You can never be sure what an industrial company will be paying from year to year. You may get 15 per cent. this year, you may get 5 per cent. the next and *nil* after that.

Mr. Kale.—Will not 10 per cent. be a fair average taking good years and bad? Will not 15 per cent. be rather too high even for industrial concerns?

Mr. Pandit.—10 per cent. will be fairly good. When you start an industry you cannot know what is in the future. That is the risk involved. When you buy a Government security you are sure whatever happens you are sure to get your 3 or 4 or 6 per cent., but in an industry you are not sure.

Mr. Kale.—But this is a permanent difficulty in the way of Indian industry.

Mr. Pandit.—Yes. The supply of industrial capital is a difficulty in the establishment of industries in this country.

Mr. Kale.—You do not claim any special advantages for your firm so far as labour, location and raw material are concerned?

Mr. Pandit.—No.

Mr. Kale.—You lay more stress on the national importance of the industry than on anything else.

Mr. Pandit.—Yes.

Mr. Ginwala.—Would you have any objection to my using these figures* without disclosing the name of the firm?

Mr. Pandit.—No.

President.—The letter runs as follows:—

"We write to inform you that the price you offer to manufacture these boxes, *i.e.*, Rs. 25-4-0 each unmachined, works out at Rs. 3-6-3 dearer than we can obtain them from the British manufacturers. We wish therefore to know if you are prepared to reduce your price by the amount of Rs. 3-6-3 per box complete with lid if we place these orders with you.

"British made axle boxes that we receive machined are all sound and in the event of your agreeing to this reduction in the price and our placing an order with you we should pay for the boxes as if they were machined and proved sound."

Mr. Ginwala.—There is a difference here between your price and that of the British article of Rs. 3-6-3 per axle box. That works out to about Rs. 4-12-0 a cwt.

Mr. Pandit.—Yes.

Mr. Ginwala.—You stated that you could supply at Rs. 85 a cwt. That would include all the items that you have given in this estimate for 125 tons, so that you have got to work up Rs. 4-12-0 a cwt. Do you think you cannot work it up?

Mr. Pandit.—No.

Mr. Ginwala.—What is your principal reason?

Mr. Pandit.—My material, labour and everything cost more.

Mr. Ginwala.—Don't you think that you are paying a somewhat higher price for your materials? Take your imported pig. Is it an actual figure or is it only an average figure?

Mr. Pandit.—It is an actual figure which we paid some four months ago.

Mr. Ginwala.—What is the trade description of the pig iron you use?

Mr. Pandit.—West Coast Hematite.

Mr. Ginwala.—From what place do you get it?

Mr. Pandit.—We get it from our agents in Calcutta.

President.—Is it Cumberland?

Mr. Pandit.—Yes.

Mr. Ginwala.—The price of that is quoted in the Trade Journal of 2nd August this year at between £5-12 and £5-15.

Mr. Pandit.—Is it f.o.b.?

Mr. Mather.—F.o.b. is 10 shillings less.

Mr. Ginwala.—So that you take £5. How do you work it up to 180?

Mr. Pandit.—We may draw your attention to the second statement in which we have taken f.o.b. Calcutta at £7/10, that is c.i.f. and includes freight, insurance, commission, etc.

Mr. Ginwala.—That is a good deal more than what it should be.

Mr. Pandit.—That I cannot say.

President.—We have been told that freight for things like iron and steel work out to Rs. 22/8 including insurance and landing charges. Adding that to Rs. 75 we get only Rs. 97/8.

Mr. Pandit.—That is the price we have paid to our agents here.

Mr. Ginwala.—There is no doubt that you have paid this figure, but it seems to me that your price is considerably higher than that quoted. It may be that four months ago the price was a little bit higher.

Mr. Pandit.—The current prices are a few shillings less—£7/5 c.i.f.

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* *Vide* Statement No. I.

Mr. Ginwala.—*Even that is above the price quoted. It certainly looks higher as you have to bear in mind that the prices quoted in the trade* journals are often higher than the actual export price.

Mr. Pandit.—We have seen that but we could not get any better quotations.

Mr. Ginwala.—Let us take the case of steel scrap. There is a market for [illegible] scrap. You have described this as imported. I think it is a mistake.

Mr. Pandit.—That is a mistake. We buy it locally.

Mr. Ginwala.—The price of imported scrap is anything between 75 to 90 shillings a ton for the heavy special scrap. But your steel scrap is more or less local so that to the extent of the amount of steel scrap that you use you are not worse off as compared with the British manufacturer than you are in respect of pig iron? I mean the relative disadvantage is very much smaller.

Mr. Pandit.—Yes.

Mr. Ginwala.—Where do you get your coke from: do you import it?

Mr. Pandit.—We were thinking of importing it at one time but we are buying it locally.

Mr. Ginwala.—According to the trade journals £3/5 a ton is the imported price. But your price works out to Rs. 50 a ton which is 5 shillings more than the imported price.

Mr. Pandit.—If we had to import coke from England it would cost us practically the same but the trouble would be that we would have to import in larger quantities than we could afford to. It would work out to some extent cheaper than Indian coke and we could get a better quality also.

Mr. Ginwala.—Suppose you were working on the most economical basis, how much would it cost you under present conditions? Do you use furnace coke or foundry coke?

Mr. Pandit.—Foundry coke.

Mr. Ginwala.—You may land it here at about £3/10 a ton but it would be of much superior quality?

Mr. Pandit.—Yes.

Mr. Ginwala.—So that there is room for economy there?

Mr. Pandit.—Yes. But I don't think there would be much economy.

Mr. Ginwala.—What is the average price of the coal that you buy?

Mr. Pandit.—Rs. 8 a ton landed at our place.

Mr. Ginwala.—But this price of coal that you have to pay is abnormal at present.

Mr. Pandit.—It includes freight and cartage. We use Jharia coal which is the best quality.

Mr. Ginwala.—It costs Rs. 7 at pits mouth.

Mr. Pandit.—You can have it even for Rs. 6. It used to be Rs. 3 to 4 a ton before. But at these rates you cannot get good coal.

Mr. Ginwala.—Your biggest item is depreciation which is Rs. 12,500. Can you just give me an idea as to how you took 15 per cent. as a round figure? You cannot apply that to lands and buildings. What did you pay for the land and buildings?

Mr. Pandit.—About Rs. 8,000 for land and for the buildings 2¼ lakhs apart from the shop structure. Steel structures cost about 1¼ lakhs. The power machinery cost Rs. 1,00,000.

Mr. Ginwala.—Do you mean the power house machinery for manufacturing your steel castings?

Mr. Pandit.—Yes, for generating electricity.

Mr. Ginwala.—Do you use any other power in your foundry? Are there any steam engines?

Mr. Pandit.—There is nothing of that sort. There are only small boilers and the rest is our plant.

Mr. Ginwala.—I want to separate the actual steel casting plant where there is considerable wastage from the other plant such as your converters.

Mr. Pandit.—The moulding plant cost us about Rs. 2,00,000 and the balance is covered by other machineries.

Mr. Ginwala.—This is only ordinary machinery and there won't be unusual wear and tear.

Mr. Pandit.—Stone grinders, oxidizing machinery—there is a larger wear and tear in the foundry than in a machine shop. The rest you can estimate as the other plant.

Mr. Ginwala.—Then according to these figures the other plant comes to about Rs. 2,00,000. According to the methods of accounting you cannot claim 15 per cent. on pucca houses. The ordinary percentage is only 2½ on pucca buildings.

Mr. Pandit.—Do you mean depreciation and repairs? But we have not calculated separately for repairs.

Mr. Ginwala.—With regard to steel structures there is hardly any depreciation there.

Mr. Pandit.—There is a large depreciation there because the great heat and the fumes coming out of the converters eat up the steel structure.

Mr. Ginwala.—Surely they cannot eat up the whole structure.

Mr. Pandit.—We have been advised to put up tiled roof. The acid fumes eat up the iron.

Mr. Ginwala.—There is no unusual wear and tear in the power house I presume, 5 to 7½ per cent. is the usual depreciation.

Mr. Pandit.—Yes.

Mr. Ginwala.—The same applies to the other plant.

Mr. Pandit.—The other plant are all in the foundry. You will have to provide for a larger depreciation for them. The dirt and dust from the foundry damage them.

Mr. Ginwala.—There is the moulding plant which costs Rs. 2,00,000 which I presume suffers most from depreciation.

Mr. Pandit.—We have put an average figure but we would put it at a higher figure, even 20 per cent.

Mr. Ginwala.—You mean to say that after five years nothing of a converter will remain.

Mr. Pandit.—Repairs to this item will cost us a heavy amount. Sometimes it may be damaged for good. A little defect in relining would cost a good deal.

Mr. Ginwala.—Don't you think that your overhead charges for such small production are higher than they ought to be—Rs. 5,000 for supervision? And then you have got moulders, chippers, helpers and coolies.

Mr. Pandit.—I don't think we will be able to economize in any way there.

Mr. Ginwala.—I may tell you that they compare rather unfavourably with similar businesses.

Mr. Pandit.—But here every casting has to be moulded separately and they require close supervision.

Mr. Ginwala.—But they compare rather unfavourably with another foundry which was established not long ago.

Mr. Pandit.—I have given you my experience, but it is quite possible they may have got better experts. It is only recently we started.

Mr. Ginwala.—What is commission and brokerage besides the managing agents' commission?

Mr. Pandit.—Selling agent's and travelling agent's commission.

Mr. Ginwala.—What percentage do you allow on 125 tons of finished castings?

Mr. Pandit.—We generally allow from 2 to 5 per cent. but not on all the sales. On direct sales there is no commission.

Mr. Ginwala.—In dealing with the railways you have not got to pay commission.

Mr. Pandit.—We have got to pay.

Mr. Ginwala.—You say your principal customers are the railways, then why should you pay agent's commission?

Mr. Pandit.—Unless there is somebody to go and see them regularly we won't get orders. In fact we have an agent in Delhi and one in Calcutta on a commission basis.

Mr. Ginwala.—I take it that the plant was constructed in 1920-21. When did you order your machinery?

Mr. Pandit.—In 1920.

Mr. Ginwala.—Then the prices were fairly high for your machinery and they have gone down now by a considerable amount.

Mr. Pandit.—Yes.

Mr. Ginwala.—So that a man starting now will be in a better position when compared with you.

Mr. Pandit.—Yes.

Mr. Ginwala.—What do you consider the depreciation will be apart from wear and tear?

Mr. Pandit.—About 33 per cent.

Mr. Ginwala.—That is to say what cost you Rs. 100 then would now cost Rs. 66. This applies to all machines?

Mr. Pandit.—Yes.

Mr. Ginwala.—Is your moulding plant American or British?

Mr. Pandit.—The whole of our plant is American.

Mr. Ginwala.—You say the prices have gone down since you started.

Mr. Pandit.—Yes.

Mr. Ginwala.—If a man was to construct a plant to produce 200 tons a month what would it cost him now?

Mr. Pandit.—You can take an average of 25 to 30 per cent. of what it actually cost us.

Mr. Ginwala.—What was your special reason for establishing your foundry in this place which is inaccessible in many ways?

Mr. Pandit.—We tried for other sites but that was the only site we could get at that time. We wanted to go out into the country because when we started the Company we had an idea of putting a very large works having other engineering works for manufacturing other materials and for that it was necessary to get a larger amount of land, a sufficient labour force and facility for coal supply.

Mr. Ginwala.—Is it not usual for foundries to be established very near big industrial centres?

Mr. Pandit.—Our idea at that time was not to confine ourselves exclusively to this foundry. We wanted to take up other engineering works, rolling mills and so on.

Mr. Ginwala.—To build structural material? That is, your idea was more for a steel works than a foundry.

Mr. Pandit.—This foundry was actually a part of the whole scheme.

Mr. Ginwala.—I take it that if you had in mind only the establishment of a foundry you would have gone to an industrial centre, you would not have built there.

Mr. Pandit.—I would have gone to an industrial centre.

Mr. Ginwala.—That is why unfortunately your plant did not develop.

Mr. Pandit.—Yes.

Mr. Ginwala.—Has it increased your cost of production by your being located in this place instead of in an industrial centre?

Mr. Pandit.—Railway transport difficulties have caused us inconvenience.

Mr. Ginwala.—That means money.

Mr. Pandit.—To some extent.

Mr. Ginwala.—That is to say your capital will be locked up for a longer time before it is turned over than it otherwise would.

Mr. Pandit.—Yes, that is a handicap.

Mr. Ginwala.—I heard you saying something about the manufacture of wheels by the Bombay, Baroda and Central India Railway. We were under the impression that no wheels were manufactured in this country.

Mr. Pandit.—By wheels we meant wheel centres. We supplied some wheels to the North Western Railway without tyres (shows a letter to President).

Mr. Ginwala.—But you cannot manufacture these wheels on a large scale at your foundry just now.

Mr. Pandit.—We won't take long to complete our tackle if we get sufficient orders.

Mr. Ginwala.—I am talking of your present foundry. Supposing you work at your fullest you can produce 200 tons a month. What is the weight of four wheels? How many wheels can you manufacture a month?

Mr. Pandit.—The metre-gauge wheel will weigh about 6 cwts. We would be able to manufacture something like 500 wheels.

Mr. Ginwala.—If you made nothing else. Have you made any attempt to standardize any article?

Mr. Pandit.—We simply manufacture miscellaneous articles according to orders we receive. We do not specialize in any one article which we can manufacture exclusively.

Mr. Ginwala.—Would it be cheaper?

Mr. Pandit.—If it be a regular order it would be better and cheaper for me.

Mr. Ginwala.—In that case what standard article would you select?

Mr. Pandit.—Wheels would suit us best; then axle boxes, buffer castings.

Mr. Ginwala.—You want to specialize in railway materials I take it.

Mr. Pandit.—Yes, because practically there is no other source of getting large orders for any one specialized article.

Mr. Ginwala.—That is always the trouble with a foundry. If you want to specialize in any article it is generally an article used by Railways.

Mr. Pandit.—Yes.

Mr. Ginwala.—I was not able to follow the kind of protection that you require. In what form do you seek protection?

Mr. Pandit.—I seek in the way of a duty of 20 per cent. on imported material such as steel castings and other articles that compete with me.

Mr. Ginwala.—Steel castings may vary from a very small thing to a very big one. Suppose you can manufacture 200 tons a month, that is 2,400 tons a year. The country may require very much more. We cannot go and recommend that all steel castings imported should be taxed to protect your 2,400 tons of castings?

Mr. Pandit.—We want a very small addition. They are already paying 15 per cent.

President.—The total amount which you produce when compared with the total output is very small.

Mr. Ginwala.—The castings which you make for machinery are paying 2½ per cent. so that the protective duty would be 17½ per cent. *plus* a bounty of 13½ per cent. You admit that you produce a very small proportion of the consumers' requirements and you know very well that there are not many foundries at present who manufacture this class of article. There is the Electric foundry and you are the other one. Between you two you must satisfy us first of all that you produce a reasonable proportion of the demand of the country. We cannot go and say that we must make the purchasers of 15,000 tons pay more duty for the sake of your 2,400 tons.

Mr. Pandit.—We are getting no chance. We quite realize that for the sake of protecting 2,400 tons the importer of 20,000 tons is to be taxed.

Mr. Ginwala.—Do you think it would be a fair demand to make on the country?

Mr. Pandit.—Yes, I think so. It is an essential industry and an industry with a good prospect.

Mr. Ginwala.—It is not one industry: there are thousands of small industries of that kind. Steel castings affect so many other industries and take so many forms. Our idea in sitting here to-day is to encourage industries especially those which are of national importance. You happen to have an industry which assists other industries. You come and say "I manufacture 5 per cent. of the total requirements of the industry and to protect me you should tax the other 95 per cent." This is the point we have got to meet. What solution do you suggest?

Mr. Pandit.—Unless we succeed others won't come forward. In fact as I have already stated another big foundry was about to start but it never started and went into liquidation. Unless people see that this industry can pay its way and bring some profit to the capital it will be starved. Instead of further development there will be a natural death to these industries.

Mr. Ginwala.—If you can make up your mind and say that these are the articles in which you are prepared to specialise.

Mr. Pandit.—We are prepared to specialise but where is the order? We cannot manufacture certain articles on the off chance of getting some orders for them. If we do so, we have to sell them after stocking them for a year.

Mr. Ginwala.—Very well. You could say "we want to specialise in axle boxes, wheels, colliery tub wheels and half a dozen other articles." You are prepared to give up miscellaneous articles: then you say that you can only sell these specialised articles at such and such price whereas the imported price of these is so much less. Therefore so far as these articles are concerned you can say you require so much protection. Can you work out any figures on these lines?

Mr. Pandit.—Yes.

Mr. Ginwala.—Here you have given a very good case in the letter[*] you handed to the President. There you are out by Rs. 3-6-3. You may say that on that particular article you require Rs. 3-6-3 protection. That would be a practical proposition to make but to say that for the sake of your 2,400 tons of castings we should tax the other 20,000 tons will not be a practical proposition. Will you work out and give us a statement[†] on these lines? Select as few articles as you can commercially manufacture, giving the cost of production so far as you are concerned—not the total cost but the details. Then you can give the prices quoted by your rivals.

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[*] *Vide* Statement No. I.

[†] *Vide* Statement No. III.

Mr. Pandit.—It will be difficult to obtain their figures.

Mr. Ginwala.—There are the Trade quotations and I think there will be no difficulty. In the case of colliery tub wheels you have got the price in the letter you showed us.

President.—It is clearly up to you when you are asking for protection to get that information for the Board.

Mr. Ginwala.—Why do you want a bounty as well as duty?

Mr. Pandit.—I wanted a bounty so that there would not be a heavy charge on the consumer. Consumers of steel castings should not be heavily taxed until we are able to develop and meet the demand.

Mr. Ginwala.—In that case why don't you ask for a full bounty?

Mr. Pandit.—A little high price will make the trade flow to us.

Mr. Ginwala.—Suppose you got a bounty equivalent to 33⅓ per cent. Take your cost of production at say Rs. 800 a ton: the foreign competitor sells it at say Rs. 600. You add 33⅓ per cent. to it. That brings their price to Rs. 800 a ton so that if you are given a bounty may not that be a possible solution?

Mr. Pandit.—I have no objection to that.

Mr. Ginwala.—I think in reply to the President you suggested that component parts of machinery should be taxed at 15 per cent. but don't you know that all these tariff descriptions had to be altered in order to include these component parts early this year? This is quite a new definition because the industries complained. Do you want to re-open a controversy which was only closed this year?

Mr. Mather.—Can you tell us why in the initial stages of your Company it was decided to use this particular process of steel making for which you have entirely to depend on imported material?

Mr. Pandit.—Our expert adviser was an American and he advised us to put up this plant.

Mr. Mather.—I suppose you did realise from the beginning that you would be dependent on the importation of pig iron.

Mr. Pandit.—There were certain advantages in this plant which no other steel foundry plant had.

Mr. Mather.—I quite realise that there are advantages but India of course is peculiar in this respect that although it makes pig iron and is capable of making it on a large scale there is no immediate prospect of making it of a quality that would suit you. It therefore seems to me a little surprising that you should have adopted a process which would make you entirely dependent on imported material when there are other processes.

Mr. Pandit.—There are only the open hearth and the electric processes. The open hearth process would be a continuous working which we could not venture on. The present converter process is an intermittent process and that is a great advantage. We can use it whenever we want it. The electric plant we did not think of seriously at that time because we would have to put up a plant with high power, and at that place we could not get it. Moreover there is a larger output in the converter than in the electric furnace.

Mr. Mather.—But of course taking into account the peculiar situation in India as regards raw materials I take it that you realised from the first that in an emergency which would cut off your importations it would be quite impossible for you to get your imported pig iron to make steel castings. I think nobody would care to buy steel castings made of Indian pig iron so that you would have to shut down if you could not get the imported article.

Mr. Pandit.—Yes.

Mr. Mather.—What is the largest size of the castings you can make?

Mr. Pandit.—We can make up to 2½ tons usually and castings up to 5 tons, by using both converters.

Mr. Mather.—How would you do that?

Mr. Pandit.—We would keep a ladle of a large size and then pour into it when both converters are working.

Mr. Mather.—Still you would not normally expect to make many castings above 2½ tons.

Mr. Pandit.—No.

Mr. Mather.—Can you tell us how much liquid steel you make for a ton of cupola metal?

Mr. Pandit.—I cannot give you the exact figures.

Mr. Mather.—Can you tell me what amount of castings you get from one ton of liquid steel?

Mr. Pandit.—About ¾ ton or 15 cwts.

Mr. Mather.—I wanted to work out the cost of pig iron in a ton of finished castings. What is the cost of electric power per unit?

Mr. Pandit.—At present we are not using the whole power we generate.

Mr. Mather.—It seems to me on the figures you have given even assuming that you are making 125 tons a month and just taking into account the coal for power, labour, machinery, oil, depreciation and interest (allowing 15 per cent. for interest and depreciation) we find they come to a very high price for electricity required for a ton of castings. It seems to me that your electricity must be costing you Rs. 2 per cwt. because you are badly handicapped by having to generate your own power.

Mr. Pandit.—Yes. We shall send you figures.*

President.—You have said that in your opinion the making of steel castings is an industry of national importance. That argument has usually been used in this sense that it is of national importance from the point of view of national safety. I do not think that that covers everything but it is a most important argument. So long as you have to use imported pig iron do you come under that argument at all.

Mr. Pandit.—If we are unable to get our supplies we cannot use that argument.

President.—Mr. Kale put to you another point, whether the making of steel castings can economically constitute a separate industry as things exist in India to-day. As far as I have been able to understand the castings will be used for railway purposes which perhaps covers three-fourths of India's total demand. The rest is parts of machinery. Until it is desired that a great machine-making industry should grow up in India that part of it practically goes out. Therefore what remains is the railway demand. What Mr. Kale put is a very important point whether steel castings can exist as a separate industry.

Mr. Pandit.—It exists in other countries and there is no reason why it should not exist as such in India.

President.—Are there large workshops where they manufacture nothing else?

Mr. Pandit.—Yes.

President.—I am not contending that there is a difference in this sense that the whole casting industry might not be an economic success. I am raising the question whether it can be made a big enough undertaking for India to take up to-day.

Mr. Pandit.—Why should it not?

President.—There is just this doubt in my mind about the possibility of a steel casting industry standing on its own legs economically. If you can convince me in any way and send me a further paper on the subject I shall be very glad to have it.

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* *Vide* Statement No. II.

Steel castings I understand are dutiable under article 93 of the Tariff Schedule at 15 per cent. Supposing the duty were raised to 33⅓ per cent. is Rs. 35 a cwt. about the figure that is in your mind as the basic figure?

Mr. Pandit.—Yes. Something about that.

President.—The lower figure quoted in your letter in the case of axle boxes will be only 28 per cent. It is an important point because at present the duty is *ad valorem* but it cannot be assumed that when a protective duty is imposed it will be *ad valorem* and we would like to ascertain what the fair valuation is likely to be. If you can give me any information on that point it will be useful.

Mr. Pandit.—I shall try and give.

No. 20.

The Peninsular Locomotive Coy., Ltd., Jamshedpur.

WRITTEN.

Statement I.—Original representation of the Peninsular Locomotive Company, Limited, to the Secretary to the Tariff Board, Calcutta.

The Railway Board have brought to our notice Resolution No. 3748, Department of Commerce, Tariffs, dated 10th July, 1923.

In accordance with the terms of paragraph 4 of this Resolution, we have the honour to submit to your Board the following Memorandum on the subject of the construction of locomotives in India.

If requested to do so, we should accept with alacrity the opportunity to offer verbal evidence on the subject. We trust that the Board may see their way to visit the Company's works at Tatanagar, which visit, we feel assured, will convince the Board of the ability of the Company to execute efficiently any such Contracts for the construction of locomotives as they may be favoured with by the Government of India, or other clients.

(1) The locomotive industry is the "Key Industry," without which no country can utilize to the full its available resources in metals and minerals. This is shown in the most significant manner by the fact that seven of the most important commercial countries in the world at the outbreak of war—America, Germany, Great Britain, Austria, France, Belgium and Italy—were also the seven most important manufacturers and exporters of locomotives, and that their importance relative to each other in the commercial world corresponded with their relative importance as producers of locomotives.

(2) The reasons for this are easily grasped. In the first place the locomotive industry is the essential training ground for engineers and mechanics, and, in the second place, the establishment of the locomotive industry, and of the industries which always grow up alongside it, is essential if companies operating iron and steel works are to find within their own country a continuous demand for their products.

(3) To every mechanical engineer, as well as to many civil engineers, the most important part of their education is that practical experience which can only be obtained in locomotive building works. The country without such workshops is without the cradle in which the greatest constructive profession (for that is what war has shown it to be) can be fostered. So much for the master engineers.

(4) The same argument applies to, and the same cradle must foster, the mechanics. At the works of this Company's Managing Agents, Messrs. Kerr, Stuart & Co., Ltd., Stoke-on-Trent, there are no less than 21 different crafts or trades employed, represented by the same number of different Trades Unions. All of these 21 different crafts are taught and followed in a locomotive-building works.

(5) From a training centre such as a locomotive building works, qualified and experienced master engineers and mechanics spread themselves over the country and assist in the establishment of new industries, which in their turn help to employ the country's available resources in metals and minerals. This is the origin of the manufacture of steam and internal combustion engines, motor cars, electrical machinery, and of a thousand other and similar undertakings, which are simple to the mind which has once grasped the intricacies, and familiarised itself with the details of the various trades employed in the construction of locomotives. Other classes of machinery may demand for their construction a certain number of trades, but none require

anything like the number of those necessary for locomotive building in which nearly every known kind of mechanical craftsmanship is represented. That is the reason why Locomotive Building is the "Key Industry" in engineering, and why since the days of George Stephenson, the locomotive builder has always been the master engineer.

(6) From the foregoing it is, we submit, self-evident that no financial assistance, and no amount of patronage, can be regarded as excessive if it results in the establishment in India of this "Key Industry," from which all classes of mechanical engineering in India will spring, as they have sprung in every country of the world in which locomotives have been seriously manufactured. There is, moreover, the most conclusive evidence that a protective tariff can effectively contribute to the establishment of locomotive manufacture as a staple industry. Great Britain possessed at one time a monopoly of the industry, but with the assistance of a heavy tariff, rival industries have been definitely established in America, Germany, France, Italy, Austria and Belgium, and in the competitive war which has resulted, England's supremacy has been effectively challenged. Without their policy of protection these countries could never have achieved this success.

(7) It is not irrelevant, moreover, to refer here briefly to a few of the particular disadvantages from which India suffers at present owing to the absence of a fully established Indian Locomotive industry: these may be summarised as under:—

(*a*) At present the Government of India, in placing its orders abroad, is at the mercy of the Exchange. In India, the Rupee would always remain a Rupee, and not a varying part of a Dollar, Sovereign, or other foreign unit;

(*b*) the cost of remission in the case of purchases abroad represents a substantial loss in interest on capital;

(*c*) alien inspection;

(*d*) the high cost of Shipment and Insurance;

(*e*) delays and damage in transit resulting from the distance between port and destination;

(*f*) carriage of "gross" as against the run on own wheels of "nett" weight only; and

(*g*) the delay in procuring spare parts.

(8) The indirect advantages which would result from the establishment of the industry in India are equally striking. Such are the use of Indian metals, minerals, power, water, labour, transit, the increased revenue accruing from Indian taxes and local rates, and finally the establishment (so necessary to a modern State) of the only really practical school for the education of both the Master Engineers and of the various classes of mechanics concerned. Thus the country would be made independent of that practical education which can now only be procured by a visit of some years' duration to the workshops of Europe or America, and which visit unfortunately has to be paid at an age when home influences are more necessary to the Student than at any other time of his life.

(9) The construction of locomotives is a highly developed fabricated industry, dependent in its origin on a sufficient supply of the necessary raw materials of the industry. Chief among these are steel plates of boiler and ship qualities, acid steel blooms and billets, pig iron of a sound quality, copper plates, etc., etc. The conversion of each of these into the finished product involves many complicated processes performed by a series of highly skilled workmen, great experience being necessary in each of the various operations to ensure the quality of the final product. Even in Great Britain where there has been no lack of skilled labour, it has taken the firms manufacturing locomotives many years so to train and perfect the staffs as to bring their work to its present high pitch of perfection. It is therefore

evident that from the inception of its undertaking, this Company must have incurred in the past, and will incur in the future, a heavy expenditure under this head, which, though falling on the first few years of the Company's manufacturing experience, cannot, from the point of view of India, be regarded as in any way wasteful. On the contrary, when the industry has been able to establish itself on an economic basis (and for this the proper training of the staff is the first essential), India will be in possession of a great factory (capable of the complete construction of all the locomotives she will require), under capable and experienced direction and with a fully qualified staff, trained in all the various processes which the construction of locomotives entails.

(10) The expense involved in the settlement of the supervisory staff, consisting of works manager, sub-works managers, draughtsmen, estimating department, shop foremen, deputy foremen, and a sufficient number of leading hands to ensure a thorough instruction to the Indian mechanic in the detail of the manufacture of locomotives, will, however, be extremely heavy. The supervisory staff must, at the outset, consist of picked men from England, all of whom are thoroughly acquainted in every detail with the practice prevailing in the most up to date British shops in the line in which they specialise. Attractive terms, including separation allowances to their dependants, will have to be offered to induce these men to take up posts at Tatanagar. It is not proposed to engage any of them for a period of more than five years, in which time it is anticipated that they will have been able to train Indian employees of the Company to undertake responsible duties. and to carry out with a sufficient degree of skill, the various processes of manufacture which they may have undertaken to learn. On this subject, however, it is only possible to make a tentative estimate: the adaptability of the Indian mechanic to the heavier work of locomotive construction has not yet been ascertained. It is, moreover, certain that it will take a larger number of Indian hands to perform any specific operation than would be required for the same work in England, and until Indians are sufficiently trained in the higher branches of the work, the cost of supervision will be much greater.

(11) Experience alone will show how these factors will operate, but enough has been said to make it clear that the Company will be put to great initial expense in the establishment at Tatanagar of a *personnel*, both English and Indian, capable of turning out the best work, such as would be acceptable to the Government's technical advisers. The additional expense involved in bringing English *personnel* to India should, however, diminish as the efficiency of the staff increases and as the organisation of the works develops.

(12) It is one thing to show that an industry cannot be established without Government support. It is quite another, and a more important, thing to show that such support, if forthcoming, will be effective. To do this it is necessary, in the present case, to be satisfied that in the course of time the Indian Locomotive Industry can be made self-supporting, not only in regard to *personnel* but in regard to raw material.

(13) As already stated, the processes comprising the manufacture of locomotives are so various and complicated that it would be an impossibility to undertake them all in the first year of operation of the works. This fact is recognised by the Railway Board in their Communiqué, No. 4624, 200, 9, 21, "Construction of locomotives in India," in which they state that the Board will expect tenderers to show that a reasonable proportion of the locomotive has been built in India, and that they must expect this condition to become more stringent as time goes on.

(14) What component parts of a locomotive can be manufactured from raw material produced in India? What parts can be manufactured in India from imported raw material? What parts must be imported in a completely finished state?

For the purpose of answering these questions, the component parts of a locomotive may be classified in nine groups. (The approximate weights given for each group are taken from the Specification of the Standard Type Bengal North Western 2-8-0 Locomotive and Tender):—

	Tons.
(1) Iron Castings	9·75
(2) Steel Castings	16·05
(3) Steel Plate Work—Ship quality, including angles and other sections	27·28
(4) Boiler complete with internal fittings and Superheater tubes, but without Smokebox	18·15
(5) Steel Forgings, Acid Quality, for Motion work, etc.	10·61
(6) Steel Springs	2·34
(7) Special Brass Fittings, Vacuum Brake Apparatus	3·69
(8) Gun Metal and Brass Castings, including Copper Tubes	1·52
(9) Tyres and Axles	10·0

The following paragraphs set out the position in India to-day in regard to the production of the raw materials necessary to the above groups of component parts, and in regard to the processes entailed in their manufacture.

(15) *Iron Castings.*—Subject to approval by Government inspection of the quality of the pig iron used, the Iron Castings could be produced in India. The Company propose to procure their castings from the Calmoni Engineering Company at Tatanagar, whose works, we understand, have been inspected and passed as capable of producing the necessary quality of Castings required for locomotive work. Though many of the Castings are simple, the work required to produce cylinders is of a highly skilled order, and it must be taken as certain that, at the commencement of operations, a considerable proportion of throw-outs will unavoidably occur before a regular output of castings of the required perfection is achieved. Although this will involve the Company in additional initial expense, chiefly due to lost time by the *main d'œuvre*, it is certain that, as soon as the initial difficulties have been overcome, there will be no insuperable difficulty in producing complete sets of castings, such as would compare with those produced anywhere in the world.

It will therefore be seen that this group can be produced in a complete state from raw material produced by India.

(16) *Steel Castings.*—It is understood that there are various foundries in India producing Steel Castings, and, subject to approval by Government of the source of supply and of the quality of the Castings, all the machining and finishing processes involved can be carried out at the Company's works. Should it be found necessary at first to import the Castings, this could be done in the rough, and all work on the Castings done at the Company's Works.

(17) *Steel Plate Work.*—Subject to approval by Government inspection of the Ship quality steel plates which the Company proposes to procure from Messrs. The Tata Iron & Steel Company, there is no process of manufacture that cannot be carried out in the Company's Works to finish these parts. This group, therefore, can be completely produced in India from Indian raw material.

(18) *Boiler Complete with Firebox.*—There are no plates of Boiler quality produced in India, and the work involved in the production of locomotive boilers is of a very high order. The Company do not propose at the present time to begin the manufacture of boilers at Tatanagar, but to lead up gradually to their production. The training of the *main d'œuvre* will be long and costly, and although the Company are prepared to, and will, undertake it, it is felt that three years must elapse before they will be able to offer boilers made at Tatanagar to their Clients. In any case, for some years, the material from which the boilers are made will have to be imported. At present

the Company intend to import the boilers complete with fire boxes ready for erection.

(19) *Steel Forgings.*—The only works in India capable of producing acid steel blooms or billets are the steel works attached to the Indian Ordnance Factories at Ishapur, but as we understand that surplus steel manufactured there is available for purchase by private parties, we hope to be able to assist in the consumption of this local supply, and thus to reduce the amount of imported material. Here again, however, allowance must be made for considerable expense in training the Staff to produce the heavy forgings required, and in the beginning many throw-outs, and much spoilt material, will inevitably result. The process of manufacture of the parts comprised in this group can, however, in the main be carried out at the Company's works, and only such steel blooms and billets as cannot be purchased in India will have to be imported.

(20) *Steel Springs.*—We believe that a certain amount of spring steel can be obtained from the Indian Ordnance Works, and, in any case, a considerable proportion of the work of making up can be done in India.

(21) *Special Fittings.*—Certain of the small fittings can be made complete in India. Others, which are proprietary articles, or manufactured under special licence, must, for the time being be imported.

(22) *Gun Metal and Brass Castings.*—These parts can be machined and finished from imported raw material, or, where possible, cast from scrap procured in India.

(23) *Tyres and Axles.*—These must be imported at present, as in India the necessary mills do not, to our knowledge, exist. The machining and finishing can be done at the Company's works.

(24) This general outline of the position of Locomotive Construction in India at the present moment demonstrates how nearly Indian resources at the present time are capable of producing the complete Locomotive. This Company's Works at Tatanagar have been built and equipped at great cost, and are capable of producing at least 200 locomotives per annum for the first two years, thereafter rising to 300-400 per annum. Within the limitations noted we feel sure that an inspection of our works and of the adjoining Calmoni Foundries, will convince the Board of our ability to execute any Contract with which we are favoured.

(25) Owing to the intimate connection of the Locomotive Industry with the basic Iron and Steel Industries, the question of the tariff which would enable the Company to commence work in competition with firms established outside India is a very difficult one. On the understanding that, in assisting the Company to begin work, the object would be to render India, in due course, entirely independent of outside sources of supply, it is essential to employ, wherever possible, such raw materials as are produced in India. The question of a Duty on these raw materials, *viz.*, pig iron and steel plates, is, however, now under discussion, and this makes it difficult to state definitely to the Board the degree of protection which the Company will need if the industry is to stand on its feet.

(26) The difficulty arises from the fact that any Import Duty put o iron and steel plates will be immediately reflected to its full, or nearl extent, in the enhanced price that the Company will have to pay for its raw materials either imported or purchased in India. The Company will thus be handicapped against its competitors established in Free Trade countries. Looking into the question in detail, it will be seen from the classified lists of components given above that the parts comprised in Groups 1 and 3, and possibly those in Groups 2, 5 and 6, would be manufactured completely from raw material purchased from Indian sources, and would be subject to the increased price involved by a protective tariff, imposed, and rightly so, to protect the Indian producers.

(27) For the parts comprising Group 5 (acid steel blooms and billets) the Company would probably have at first to import a certain amount of the raw material and pay such Duty as might be imposed by Government with a view

to encouraging the establishment of a private plant ultimately capable of producing them in India. The same remark applies to the parts comprising Group 4. In their Communiqué No. 4624, 200, 9, 11, however, the Railway Board estimate the Government's requirements at 400 complete locomotives and 400 new boilers per annum from 1925 onwards. This programme, if carried out, would involve the purchase of 800 boilers per annum. Taking the Standard Bengal North Western 2-8-0 Type locomotive, the weight of Boiler plate quality steel required is about 8 tons per boiler, involving an annual requirement of 6,400 tons per annum. If a certain market for this was guaranteed, we believe it would be practicable to consider the installation of a plant capable of producing plates of the required quality. Were this assured, the Company would expedite the training of the necessary staff for the manufacture of the boilers from the Indian raw material, and when that point was reached, India would be rendered entirely independent of outside sources in so far as the manufacture of locomotives is concerned. Further, there is no reason why, when the industry was firmly established, under capable direction and with the necessary skilled staff, India should not be in a position to manufacture locomotives for export, and should not be in a specially favourable position to compete in the Chinese and Far Eastern markets. Before this position can, however, be reached, it is necessary to consider in greater detail what immediate support the Government can justifiably give to this young industry during the years of its establishment, and for what period it will require the beneficent patronage and protection of Government to enable it to overcome its initial difficulties.

(28) The Board of the Company hope that they may take it as granted that they have established their good faith and desire to fall in with the Government's policy of the construction of locomotives in India, inasmuch as they have erected and equipped at Tatanagar the present works with their great output capacity, and are now in a position to deal, without any undue delay, with any orders with which they may be favoured by Government. At present, practically the only customer to whom the Company can look is the Government, and it is thus to the Government alone at the present time that the Company must look for such protection and assistance as will enable it, in the course of time, to secure other customers in India.

The Board feel that they are quite justified in asking the Tariff Board to recommend protection for the Locomotive Industry as a means of establishing the industry; but that it is difficult to lay down a degree of protection that would allow the Company to exist in view of the intimate relation with the Iron and Steel industry. It will always be necessary to recognise that the Company will have to pay an enhanced price for its raw materials; the actual amount of this surcharge being regulated by the Duty imposed on imported iron and steel.

(29) In the case of motor cars, a duty of 30 per cent. has failed to establish their manufacture in India, and as the difficulties which beset the locomotive builder are both greater and more numerous, a much higher rate becomes not only advisable but, in the best interests of the people of India, necessary. It has been maintained that the expenditure on any given object of regular need purchased and built within the protected country, and thus employing that country's resources, is equivalent to one half the same expenditure where the expenditure is remitted to a foreign country without the chance of any return benefit. This may or may not be true, and we do not ask for 100 per cent. duty, but we hope that the Committee will recommend some mean between this figure and the 30 per cent. which has failed to tempt anyone to commence the manufacture of motor cars in India.

(30) A further important point that occurs in the Tariff question is that it is taken as certain that if a Tariff is imposed on the imported raw materials of the Iron and Steel Industry it will be necessary to impose a Tariff on the partially or wholly manufactured articles dependent on those raw materials; otherwise, there would be no object in imposing the Tariff on the raw materials, as all industries dependent on them would die out owing to the free importation of the finished article. This Tariff, if and when imposed,

will affect this Company wherever it is compelled by absence of raw material, shortage, or undeveloped training of the local *main d'œuvre*, to import from abroad manufactured, or partly manufactured, components of its locomotives. Notably is this the case with Group 4 (all parts comprising the boiler, firebox, etc.). Should the Company have to pay the full import Duty on these parts, it will be at no advantage as against its competitors who manufacture the whole locomotive abroad and import it complete. To meet this point the Board feel justified in asking that no Duty should be put on component parts of locomotives imported into India, but destined for locomotives the construction of which has been tendered for by Indian firms with established works in India, and who are fulfilling the requirements of the Government Communiqué, No. 4624, 200, 9, 21.

It will be observed that this condition will only operate in favour of the Company during the first few years, as we consider it to be without doubt only a matter of time before India is able to produce steel plates of Boiler quality. In this case the completed boilers will be produced in India, and the Company will then be paying for the plates the enhanced price which the Indian producer will be able to demand as the result of the Tariff imposed on imported plates. (This Tariff would, of course, be essential to encourage the establishment of a plant in India capable of producing plates of the quality required).

(31) At the present time a concerted effort is being made to kill the locomotive industry in India. Firms that have hitherto enjoyed the patronage of the Indian Government have entered on a price-cutting campaign with a view to making it impossible for an Indian firm to tender. Taking advantage of old established organizations, prices are now being quoted well below the cost of production. Transparently, the object of this is to make the tender of any Indian Company (saddled, as they must be, with the many difficulties consequent on the inception of an undertaking of this magnitude) appear ridiculously high and to create the impression that the manufacture of locomotives in India is too expensive to be commercially sound. As an example of the price of locomotives, the following may be given for the Standard Bengal North Western 2-8-0 locomotive and tender:—

1920	18,000
1921	16,500
1922	5,120

It is curious that this great marking down of prices should occur in the very year that an Indian Company is prepared to undertake the manufacture of locomotives in India, and its significance is obvious.

(It is only fair to state that a considerable fall in the cost of labour and material occurred in 1922, but nothing in any way sufficient to warrant such a cutting of prices as then took place.)

(32) This procedure, however, as must be obvious, cannot continue indefinitely, for the simple reason that there is a limit to the loss that any firm or group of firms can sustain. (It may be remarked, in parenthesis, that it is believed that locomotives tendered for last year to the Railway Board at £5,120 are costing at least £6,000 to produce.)

Prices will have to rise again and the comparison between the Indian and foreign prices will not then show any such marked difference as would justify any withholding of assistance to companies establishing the industry in India.

(33) The Government of India has already made a great saving in the cost of its locomotives by the mere presence at Tatanagar of this Company's works, ready at a few weeks' notice to commence the construction of locomotives for such orders as the Government might favour us with. We hope the Tariff Board will bear this point in mind, as though no doubt it is extremely desirable and right, both from the Government and tax-payer's point of view, that their requirements should be bought at the lowest possible figure, the benefit which they are deriving in this regard is necessarily of the most temporary character, and must in the long run, if they persist in their

present policy, involve them in a substantially higher expenditure, besides involving the negation of their declared policy of establishing the locomotive industry in India. To hold over the heads of tenderers established outside India, with a view to obtaining lower quotations, the presence of a works that can turn out the required number of locomotives in India, cannot establish the industry in India. This can only be done by giving the Indian Company orders at such a price that it can, at least, function without loss.

(34) This Company satisfies all the conditions which entitle a new industry to the protection and patronage of Government. It is registered in India, its capital is in Rupees, subscribed jointly by British and Indian capitalists, it has a majority of Indian gentlemen on its Board of Directors, and it has not hesitated, where all others held back, to construct and equip its works, complete in every detail, immediately the Government notified the construction of locomotives in India as its considered policy. In granting the protection asked for, the Government of India will not only be giving material effect to the principles laid down by themselves for future action, but they will also be respecting the feelings of the people of India as reflected in the Report of the Fiscal Commission.

(35) It may be recalled that during the debate in the Legislative Assembly on the 2nd March, 1922, on the Resolution moved by Sir Vithaldas Thackersay recommending that measures should be taken to provide that as large an amount as possible of the 150 Crores set aside for the rehabilitation of Railways during the next five years should be spent in India, it was stated on behalf of Government that the settled policy of the Government in India was to grant concessions to such firms as have a Rupee capital, etc., etc. The Fiscal Commission cites this declaration of policy with approval and appear definitely to suggest that as long as a company satisfies all the conditions which the Peninsular Locomotive Company satisfies, the Government would be perfectly justified in granting it a monopoly, subsidy, bounty or licence, to act as Public Utility Company—that it would be justified, indeed, in granting any or all of those concessions as the circumstances of the case might warrant.

(36) Even in the Minute of Dissent appended to the Fiscal Commission's Report, it is found that Sir F. Nicholson is quoted with approval, as follows:—

> " I beg to record my strong opinion that in the matter of Indian Industries, we are bound to consider Indian interests firstly, secondly and thirdly. . . . I mean by firstly, that the local raw products should be utilised............, etc."

The signatories to this Minute have entirely associated themselves with the rest of their colleagues as regards the conditions subject to which Sir F. Nicholson's opinion should prevail. Those conditions are that a company should be "incorporated and Registered in India with Rupee Capital, that there should be a reasonable proportion of Indian Directors on the Board and that reasonable facilities should be given for training Indian apprentices." These conditions are fulfilled in every detail by this Company.

(37) To conclude, the grounds on which the Company feel justified in asking the Board to recommend such a Duty on imported locomotives as will permit the Company to tender successfully against its competitors established outside India, are as follows:—

(1) To render India completely independent of foreign sources of supply as regards locomotives both in times of peace and war.

(2) To educate Indian workmen in the construction of locomotives, so that in the near future they may be capable of producing an article that will not only supply the Home demand, but be able to compete in foreign markets with the firms established in other countries.

To provide a finishing industry for Indian raw materials that will absorb a large annual production of iron and steel, and thus provide the Companies operating iron and steel works with continuous demand for their products.

(4) To establish such a demand for plates of boiler quality as will warrant the installation of the necessary furnaces and plant for their production.

(5) To afford Indian Students of Mechanical Engineering such opportunities of practical training as to render it unnecessary for them to go abroad for this purpose.

(6) To check, if not actually to stop, the continuous drain of money from India to pay for imported locomotives and parts.

On these grounds it is with confidence that the Board of the Peninsular Locomotive Company have the honour to submit to the Tariff Board their petition that the Tariff Board will recommend to the Government of India that protection to the Indian Locomotive Industry may be forthwith granted in the form of an Import Duty, to be levied on all imported locomotives and component parts, to such an extent, and for such a period as the Tariff Board may feel convinced is necessary, to protect the industry during the years of its establishment, against its competitors established outside India, and furthermore the Board petition that such component parts as may be destined for locomotives to be supplied to Government or Indian purchasers and for which orders have been given to Indian firms fulfilling the conditions required by the Government in their Communiqué No. 4624, 200, 9, 21, may be imported by such firms free of all duty.

Statement II.—Communiqué, dated September 30th, 1921.

In pursuance of their expressed policy of making India as far as possible independent of outside sources in the supply of materials for railways, the Government of India have had under consideration the question of the construction of Locomotive Engines in India, and they are now in a position to give a general undertaking that tenders will be invited annually in India for all the railway locomotives and locomotive boilers required by Government during the 12 years commencing with 1923.

It is estimated that the average annual requirements of Government will be 160 locomotive engines and 160 additional boilers during 1923 and 1924, and thereafter 400 locomotives and 400 additional boilers.

The first tenders will be invited on 1st October 1922.

The following general conditions will be observed:—

(a) The invitation to tender will be published simultaneously in India and England, and will remain open for at least three months.

(b) The qualities of the article offered must satisfy in every respect the specifications laid down.

(c) The prices in the case of tenders made in India must compare not unfavourably with the imported article.

(d) Tenderers in India must satisfy Government in the earlier years that an appreciable part of the manufacturing will be done in India. This condition may be expected to become gradually more stringent, until eventually tenderers, in order to be successful, will be required to show that they can carry out in their works in India all processes usually carried out in locomotive works in England.

(e) Government will reserve the right to insist that the proposed sources of supply of parts which cannot be manufactured in India, should be stated in the tender, and should be [illegible] to their approval.

(f) Government will reserve the right of inspection at any stage of the process of manufacture, both in India and elsewhere.

(g) Firms receiving orders in India will be expected to provide facilities in their Works for the training of Indian technical students, and where such firms have their main works outside India, or are subsidiary companies promoted by or closely connected with firms which have their main works outside India, they will be expected to provide thereat similar facilities for students recommended by the High Commissioner for India in London.

Firms interested in the above announcement are invited to apply for further information, either to the Secretary, Railway Department, India, or to the High Commissioner for India, London.

Statement III.—Letter, dated 20th December 1923, from the Chairman and Managing Director of the Peninsular Locomotive Company to the Tariff Board, giving additional information asked for.

With reference to the further information required by Mr. Ginwala at the meeting of the Tariff Board to-day, we beg to submit the following for consideration:—

(1) We estimate that the cost of erecting this Company's Plant at Tatanagar is approximately 35 per cent. in excess of the cost of putting down the same Plant in Great Britain.

(2) We estimate the cost of the 2-8-0 type Locomotive and Tender f.o.b English Port at *£6,400.* We further estimate that the additional cost of manufacturing the same Locomotive in India is as follows:—

	£
(a) Freight, Landing Charges, Carriage, etc., on imported parts, *i.e.*, Boiler; Wheels and Axles; Special Fittings, etc. English port to Tatanagar	240
(b) Extra cost of purchasing materials in India, *i.e.*, Steel Plates and Sections; Castings, etc . .	253
(c) To cost of Patterns, Jigs, Gauges, Templates, Drawings, etc., for 1 Loco. £7,500. Spread over 50 Locos. each	150
(d) *Iron Castings.*—Cost to British manufacturer for machining, including supervision and shop charges £570. Estimated cost in India including supervision, shop charges; allowances for lost time, spoilt material, etc., £1,026, Balance	456
(e) *Steel Castings.*—Cost to British manufacturer for machining, including supervision and shop charges £472. Estimated cost in India including supervision, shop charges; allowances for lost time, spoilt material, etc., £900 . .	428
(f) *Steel Platework, etc.*—Cost to British manufacturer for machining, including supervision and shop charges £476. Estimated cost in India including supervision, shop charges; allowances for lost time, spoilt material, etc., £5,800 .	324

(g) *Steel Forgings.*—Cost to British manufacturer for machining, including supervision and shop charges £826. Estimated cost in India including supervision, shop charges; allowances for lost time, spoilt material, etc., £1,200 . . 374

(h) *Fitting, Erection and Painting.*—Cost to British manufacturer for machining, including supervision and shop charges £572. Estimated cost in India including supervision, shop charges; allowances for lost time, spoilt material, etc., £1,100 528

making a total of £2,753-0-0.

(3) We estimate that during the first few years the proportion of charges for covenanted labour at Tatanagar including supervision will be approximately 15 per cent. of the total wage bill. This percentage will decrease as the Indian Staff become more efficient and the output increases.

Oral evidence of Mr. H. L. REED, representing the Peninsular Locomotive Co. Ltd., recorded at Jamshedpur on the 20th December 1923.

President.—Mr. Reed, you are the Managing Director of the Peninsular Locomotive Company:

Mr. Reed.—I am the Chairman and Managing Director.

President.—Can you tell us when the Company was first established?

Mr. Reed.—The idea started as soon as the Government of India issued their communiqué No. 4624/200 in September 1921.* That was the origin of the Company.

President.—Then the Company must have been established almost immediately after that?

Mr. Reed.—Yes, December 6th, 1921.

President.—The capital of the Company is Rs. 60 lakhs?

Mr. Reed.—Yes.

President.—Has that proved sufficient to complete the works?

Mr. Reed.—Yes. It is really a little more than sufficient. 50 lakhs would have been ample.

President.—Rs. 60 lakhs leaves a margin for your working capital?

Mr. Reed.—Yes.

President.—Is it entirely in ordinary shares?

Mr. Reed.—Yes, all ordinary shares, there are no preference shares.

President.—What is the capacity of the works at present: how many locomotives can you deal with in a year? Assuming that your labour was already trained, how many locomotives would you be able to produce?

Mr. Reed.—I have no hesitation in saying about 300 locomotives a year.

President.—You think you could do that number, provided you had a properly trained labour staff, without any increased capital expenditure?

Mr. Reed.—Yes.

President.—Of course it is obvious that the amount of work you can get out of a plant depends on the quality of the staff employed to get it.

Mr. Reed.—We could not do it in the first year or the second, but I think in the third year I should be prepared to say that we should be able to work up to that capacity.

President.—We have had a good deal of evidence from various firms, not as regards locomotives, but as regards other things, which indicate that the expectations as to the rate at which you could develop are rather apt to be falsified, and we have had evidence from the B. B. and C. I. Railway who make their metre gauge locomotives at Ajmere. Sir Henry Freeland was giving evidence about wagons, I think that they knew from their experience that it was necessary to proceed by degrees and develop gradually. The difficulty of training the labour is a real one and you cannot expect to reap the results just at once. That is a matter which the experience of the future will settle, but I think it is dangerous to pitch expectations too high.

Mr. Reed.—Yes.

President.—You have told us that the Managing Agents of the firm are Messrs. Kerr Stuart & Company Ltd.?

Mr. Reed.—Yes.

President.—You are yourself the head of Messrs. Kerr Stuart and Co.?

Mr. Reed.—I am the Chairman and Managing Director of Messrs. Kerr Stuart and Co.

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* See Statement II.

President.—I take it that the experience of that firm will be at the disposal of the Company out here?

Mr. Reed.—Absolutely.

President.—It is important in the establishment of a new industry to find out whether the best technical advice is available at once. Is it an old established firm, Messrs. Kerr Stuart and Co.?

Mr. Reed.—Yes, and we have also had much experience of the construction of locomotives for India.

President.—Can you tell us if it is only locomotives that Kerr Stuart and Co. make?

Mr. Reed.—Also wagons.

President.—Can you give us the approximate figure for your outturn—an average, if possible, not for any particular year?

Mr. Reed.—Our wagon output is about 40 per week and I should say our locomotive output would be about 3 a week. We could do more if the proportion of smaller locomotives were larger.

President.—So far as I understand, the Peninsular Locomotive Co. have actually made no locomotives up to date?

Mr. Reed.—No, because it received no orders up to date. There was an effort made by the Railway Board last year to come to terms with the Company. My predecessor dealt with it, but the Railway Board and my predecessor did not agree as to the terms.

President.—Can you tell us just what the offer was?

Mr. Reed.—May I refer to this correspondence? Mr. Chase of the Railway Board communicating the minutes of a meeting held with my predecessor at Delhi on the 7th November 1923—on the subject of 2-8-0 locomotives—states "The lowest price tendered was £5,120 f.o.b. English port." Mr. Chase offered the following.—"I offered £7,200 for the 2-8-0 locomotives; f.o.b. English port price—£5,120 plus freight, erection etc., bringing it to £5,760 and 25 per cent. on to the latter figure making a total of £7,200 per locomotive," but the Company was not prepared to accept this offer.

President.—How many were offered?

Mr. Reed.—55.

Mr. Ginwala.—What was your offer?

Mr. Reed.—Our offer was to construct them on cost basis *plus* 8 per cent.

Mr. Ginwala.—What was your estimate of the eventual cost?

Mr. Reed.—We had no time to prepare the actual estimate as there was no time to communicate with London and my predecessor was only able to make a rough estimate.

Mr. Mather.—The figure of £7,200 is about 40 per cent. above the price which would have been received by the English firm?

Mr. Reed.—Yes.

President.—The Company have not yet, I understand, engaged their European staff?

Mr. Reed.—The greater part of the European staff has been engaged and are working at our works at Stoke-on-Trent and we have only to cable and they will be here directly.

President.—I was thinking actually more of their coming out.

Mr. Reed.—If we are able to employ them here they are able to come out by the next boat.

President.—As soon as you are in a position to start the works?

Mr. Reed.—That is right.

President.—What is your estimate of the total number of Europeans you will require at the start?

Mr. Reed.—About 50.

President.—Of course the number might be expected to diminish as time went on?

Mr. Reed.—We shall take them on 5 year contracts. We may have a few more to add if we get orders exceeding 50 locomotives. For every four locomotives exceeding 50 we shall have to add 2 more European erectors.

President.—Turning to the representation the opening paragraphs are concerned mainly with the advantages to the country to have a Locomotive industry established in India and I see that you emphasize the advantages of that industry from the point of view of training Indians in engineering generally.

Mr. Reed.—Yes.

President.—All that I want to suggest to you about that is that perhaps you put your case rather high, when you say that practical experience can be obtained in only a Locomotive works.

Mr. Reed.—In the construction of Locomotives I think more types of labour are employed than in any other industry.

President.—If it had merely been that this practical experience could be better obtained in the Locomotive works that would be all right, but I think it going a little far to say that it can be obtained only in locomotive works. However, these earlier paragraphs are mainly devoted to general questions and I don't think it is necessary to go very deeply into them. But turning now to paragraphs 7 and 8 you are dealing with the advantage to India of purchasing locomotives in India instead of purchasing them abroad. Well, a good many of the arguments seem to be general arguments on the question of protection and free trade. For instance 7(*b*) "the costs of remittance in the case of purchases abroad represents a substantial loss in interest on capital." In so far as that is concerned, that would apply to anything else equally.

Mr. Reed.—I am not saying it doesn't: if it applies to other things it applies as much to the case of the Locomotive industry. That is all I want to say.

President.—But the general policy of the Government of India has already been laid down and the Board—fortunately—are not required to go deeply into the general question of free trade and protection. But there is one point in 7(*a*) which I may draw attention to, "In India, the Rupee will always remain a Rupee, and not a varying part of a Dollar, Sovereign or other foreign unit." I wish that it would. That has not been our experience in the last 10 years. It has to be remembered that, if similar fluctuations take place in the rupee in future, it may affect the value of the rupee in this country very deeply. If the exchange value varies greatly it must affect the rise and fall of prices in this country.

Mr. Reed.—Yes.

President.—As regards 7(*c*) you mention alien inspection as one of the disadvantages of the present system. After all surely the main point about inspection is that it should be properly done.

Mr. Reed.—This is the point I wish to raise. If the locomotives were ordered in Switzerland, Germany or Italy in each case Government should employ an inspector in those countries whereas locomotives built in India would require Indian inspection.

Mr. Mather.—The practice when materials of that kind are ordered in Continental countries is that the Director General of Stores in India employs an English inspecting firm to do the inspection.

Mr. Reed.—But not an Indian firm.

Mr. Mather.—The inspection is generally done by the Consulting Engineer to State Railways under the direction of the High Commissioner for India, and they are directly under the control of the Indian authorities. The inspection is done by the same organization that would inspect locomotives built in England

President.—You see until the industry has been established and Indians themselves have acquired experience as regards locomotives, it seems to me unavoidable that the actual inspection should be done by someone who is not an Indian because there is no Indian qualified to do it.

Mr. Reed.—He cannot be qualified unless the industry starts.

President.—Quite so. Then in 7 (*f*) you mention "Carriage of 'gross' a against the run on own wheels of 'nett' weight only." That is to say, I take it, if the Works are established all that you have to convey will be materials that cannot be obtained in this country instead of the whole weight of the locomotive?

Mr. Reed.—Yes.

President.—The indirect advantage that you mention in paragraph 8 is again a general argument for the encouragement of industries in India.

Mr. Reed.—That is so.

President.—In paragraph 9 you begin by mentioning that "the construction of locomotives is a highly developed fabricated industry, dependent in its origin on a sufficient supply of the necessary raw materials of the industry". Then again, " The conversion of each of these into the finished product involves many complicated processes performed by a series of highly skilled workmen, great experience being necessary in each of the various operations to ensure the quality of the final product. Even in Great Britain where there has been no lack of skilled labour, it has taken the firms manufacturing locomotives many years so to train and perfect the staffs as to bring their work to its present high pitch of perfection." There again, if even in Great Britain they have taken some time to reach that standard, in India it will surely take longer time to reach the same standard? You say "from the inception of its undertaking this Company must have incurred in the past, and will incur in the future, a heavy expenditure under this head." But you have not yet started making locomotives at all?

Mr. Reed.—We have incurred very heavy capital expenditure in putting up the works.

President.—Exactly, but all that has gone before. This paragraph is on the question of turning out locomotives out of the raw materials. It hardly comes in your capital expenditure because any firm that started to make locomotives will have to incur capital expenditure and you say nothing to suggest that your capital expenditure in this country will be higher than in England except that freight and duty would go into it.

Mr. Reed.—Yes. It must necessarily be higher by that amount.

President.—I just wanted to allude to that to clear up the point that the Company has not yet started to manufacture locomotives in India. Then, in paragraphs 10 and 11 you go on to say that, although you are confident that it would be possible to establish the firm in India, still there would be a period of years before you could compete with the British or foreign manufacturers without assistance from Government. I think there is not really very much to be said about that except that when you are starting a new industry in India, especially at a time when the bottom has fallen out of the market in many industries, it is very difficult for the industry to carry on.

Mr. Reed.—We are really at a disadvantage as compared with the importers. If we started at the present time, raw materials that we cannot secure in India we shall have to pay 10 per cent. import duty on. The approximate amount of raw material in a locomotive is 40 per cent. of the value of the completed product. Therefore there will be 4 per cent. duty equally on the total cost of the locomotive that we should be charged. The only protection that is extended at present is 2½ cent.; therefore we have 1½ per cent. disadvantage as compared to the foreign importer and it would be quite impossible to consider even the manufacture of locomotives under the present tariff conditions.

President.—And of course at present, under a ruling of the Bombay High Court, the Company managed railways are not paying that 2½ per cent.?

Mr. Reed.—Yes.

President.—You next go on to India's reserve of raw material for the locomotive industry and I think I had better mention one point that I wish to clear up. There is no proposal before the Board for increasing the duty on iron castings; nobody has asked for it. Indeed all the evidence that we have goes to show that no protection whatever is needed; for India can undersell several other countries in that matter.

Mr. Reed.—That is what we have found out from quotations we have had.

President.—Steel castings is the next item you mention. They are produced in India at present on a comparatively small scale by one or two firms. I see that they form an important item in the total amount of steel.

Mr. Reed.—About 16 per cent. of the total weight of the locomotive.

Mr. Mather.—16 per cent. of the total weight?

Mr. Reed.—And about 10 per cent. of the total value of the locomotive.

President.—The point I want to get at is, is it 10 per cent. of the value of the material or 10 per cent. of the value of the locomotive completed?

Mr. Reed.—They amount to 10 per cent. of the value of the locomotive completed.

President.—Steel plate work which includes structural shapes as well, I take it, you expect to get from the Tata Co.?

Mr. Reed.—Yes.

President.—You are satisfied that they will turn out the quality you require?

Mr. Reed.—Yes, all the sizes.

President.—Immediately ahead of the table in paragraph 14 you say "(The approximate weights given for each group are taken from the Specification of the Standard Type Bengal North-Western 2-8-0 Locomotive and Tender)." 'Bengal North-Western'—is that any reference to the B. & N. W. Railway?

Mr. Reed.—That is what the Government asked for in their tenders.

President.—Is it a broad gauge engine?

Mr. Reed.—Yes.

President.—Then it has nothing to do with the Company because its line is metre gauge. You are thinking of broad gauge locomotives?

Mr. Reed.—Yes.

President.—Evidently it is simply a name given to this type of locomotive?

Mr. Reed.—Yes.

President.—After the steel plate work the next item is "Boiler complete with internal fittings and superheater tubes, but without smoke box." For the present you propose to import the boilers?

Mr. Reed.—We propose to import them with the fire boxes, tubes, superheaters and regulators.

President.—Later on, you hope to be able to start the manufacture of boilers.

Mr. Reed.—There is nothing to stop it so far as I can see, except that there is no chance of procuring acid quality steel plates.

President.—There is a possibility, I gather, that in future the Tata Iron and Steel Co. might begin to manufacture boiler plates, but they don't do so now.

Mr. Reed.—No, they don't. As far as we are concerned, it would depend on the number of boilers ordered. If sufficient were ordered we should be quite prepared to put up boiler shops with all the necessary equipment. Government have stated in their communiqué that next year onwards their requirements would be 800 boilers per annum, 400 locomotives and 400 additional boilers. If we could compete for the whole of this, we should be quite prepared to put up the necessary plant.

President.—There would still be the question whether it would pay Tata's to start the manufacture of boiler plates.

Mr. Reed.—We might import them.

President.—That would be a separate matter. The ultimate aim is that the whole thing should be produced in India.

Mr. Reed.—Yes.

Mr. Ginwala.—Could boiler plate be made out of basic steel?

Mr. Reed.—Government will not accept them under any circumstances.

Mr. Ginwala.—In that case Tata's could not make them.

Mr. Reed.—Not at present.

President.—Not only at present, but at any time, if acid steel is required.

Mr. Mather.—There is no prospect of Tata's making any acid steel. I thought that there was an alternative specification.

Mr. Reed.—Government won't accept boilers made of basic steel. A great many boilers have been made out of basic steel.

President.—It is a point of some importance because, as far as I understand the case, there is really no prospect of acid steel being produced in India.

Mr. Reed.—It means that it has got to be imported.

Mr. Mather.—You would not get acid steel plates in India. There is no prospect.

President.—If the plates cannot be made of basic steel, it must be at any rate a very long time before there is any possibility of making boiler plates in India because natural conditions do not admit of it.

Mr. Reed.—If we are to make complete locomotives, we shall have to import boiler plates and manufacture boilers here, unless Government agree to accept plates made of basic steel which at present they don't.

President.—If it could be proved to be a paying thing, it might eventually be a sound policy to make boilers out of imported plates. It is not however of the same importance to the country as if the raw material could be produced locally.

Mr. Reed.—That is quite true.

President.—It means that, if sea communications were cut off, you would be brought to a standstill.

Mr. Reed.—Undoubtedly, good boilers could be made of good basic steel plates. If you had trained men available, you could make all the boilers required of such steel as Tata's could produce.

Mr. Ginwala.—Are such boilers in use in railways?

Mr. Reed.—During the war Consulting Engineers of British Railways used basic steel on certain occasions.

Mr. Ginwala.—Have you traced the history of how they have done?

Mr. Reed.—There are very many instances. They have been working for the last four years.

Mr. Ginwala.—What is the life of a boiler?

Mr. Reed.—8 to 10 years.

Mr. Ginwala.—You say that for the last four years they have been working with boilers made of basic steel. Do you know whether there has been any complaint or not?

Mr. Reed.—I do not know of any.

President.—Do you know what the practice is in other countries at all? Do other countries permit basic steel?

Mr. Reed.—In America they use steel fire boxes, but about basic steel boilers I do not know.

President.—Steel forgings also must be of acid quality?

Mr. Reed.—Yes.

President.—Is the objection to using basic steel in this case as strong or even stronger?

Mr. Reed.—Stronger.

President.—So that at any rate as things are at present there is no likelihood of these things being made in India.

Mr. Reed.—We are in communication with the Government steel factory at Ichapore on the subject. The Government factory is quite capable of producing acid steel blooms and billets.

President.—How are they in a position to do that?

Mr. Mather.—They make acid steel to a certain extent for shells and for various other articles of munitions. They import Hematite pig iron for that.

Mr. Ginwala.—It would not necessarily be much cheaper than the imported steel.

Mr. Reed.—No.

Mr. Ginwala.—The chances are that it won't be.

President.—All I am trying to ascertain at present is which of the various parts of a locomotive can, and which probably cannot, be made of Indian material within a reasonable time. Of course if it happened to suit you and the Ichapore people, it might pay them to supply you with acid steel forgings for the reason that it keeps their works occupied in peace time and therefore reduces the cost of the plant that they have to put down for war purposes. But there will be this difficulty that when the war came, they would cease to supply you, as they would be fully occupied with munitions work and would be using all the steel they could produce for their own purpose.

Mr. Reed.—Yes.

President.—What about spring steel?

Mr. Reed.—The same applies.

President.—Here also it would have to come from Ichapore? There is no other source from which it can come at present?

Mr. Reed.—No.

President.—Then, as regards brass fittings and vacum brake apparatus I take it that it is not likely that anybody will put up a plant for making these.

Mr. Reed.—I should not say so.

President.—These again would have to be imported.

Mr. Reed.—Yes.

President.—What about tires and axles?

Mr. Reed.—They must be imported too.

President.—One firm whom we examined about wagons told us that they had thought of putting up works for the manufacture of wheels and axles from basic steel.

Mr. Mather.—It depends on the kind of work they were doing it for. It depends on the specification.

President.—I think that basic steel is permitted as an alternative.

Mr. Mather.—There is an alternative British standard specification which does permit basic steel to be used for these purposes. It entirely rests with the Consulting Engineer of a particular railway to decide whether the traffic conditions are such that it can be adopted.

President.—Is basic steel allowed at all for locomotives?

Mr. Reed.—Not for locomotives.

President.—Then that really stands in the same position as forgings?

Mr. Reed.—Yes.

President.—In para. 24 you tell us that your works are capable of producing at least 200 locomotives per annum for the first two years and thereafter rising to 300 to 400 per annum. Well, I have no doubt at all, that, as far as the plant is concerned, that is so, but there is the question to be taken into account that it may not be possible to make as rapid a progress as you expect.

Mr. Reed.—Quite.

President.—It is not a point of great importance, but if Government decides to give assistance, they must be prepared to realise that the experimental period may fairly be prolonged.

Mr. Reed.—Yes.

President.—In paragraph 26 you say 'It will be seen from the classified list of component parts given above that the parts comprised in groups (1) and (3) and possibly those in groups (2), (5) and (6) would be manufactured completely from raw material purchased from Indian sources and would be subject to increased price involved by a protective tariff imposed and rightly so to protect the Indian producers.' As regards (1) I have already pointed out that that does not arise. As long as forgings and springs are not produced in India it would not arise in their case also, that is to say, they will be, unless some special arrangement were made, subject to the ordinary revenue duty. There would be no question of protecting them until there was somethinog to protect.

Mr. Reed.—Quite so.

President.—Do you intend to import the springs or to make the springs out of imported steel?

Mr. Reed.—In the first instance we shall have to import them. This of course would lead up to manufacturing them here.

President.—It would depend on the progress you are making and on the number of locomotives you are making?

Mr. Reed.—Exactly.

President.—If you are not getting a sufficient number of orders, probably it would not be worth your while.

Mr. Reed.—No. It turns on the possibility of giving continuous employment to people who are instructed in that particular branch. If their employment is not going to be continuous they will be an indifferent asset.

President.—You would not get full value out of them.

Mr. Reed.—No.

President.—In paragraph 28, you go on to say that the Board feel that they are quite justified in asking the Tariff Board to recommend protection for the locomotive industry as a means of establishing the industry, but that it is difficult to lay down a degree of protection that would allow the company to exist in view of the intimate relation with the iron and steel industry. There is a further difficulty in the Board making a recommendation as regards protection in the form of tariff duty at present. Quite apart from the effect which our general recommendations about protection for steel might have on the locomotive industry, you are hardly in a position to tell us the amount of protection you require.

Mr. Reed.—It is very difficult to say.

President.—In your representation, you have not found it possible to make a specific suggestion.

Mr. Reed.—It is difficult to make any suggestion until the plant has operated for one year and the actual cost of locomotives made in India has been ascertained.

President.—I fully recognise the difficulty. If it is difficult for you it is still more difficult for us. Until there are some actual cost figures before us which can give us some idea as to how the thing is likely to go, it is hardly possible to deal with it on those particular lines.

Mr. Reed.—Quite so.

President.—One would be shooting in the dark and one might shoot completely wrong.

Mr. Reed.—There are two things that govern it, if I may say so. The first is what degree of protection, if any, is recommended on steel and secondly how clause (*d*) of the Government's communiqué will operate. The clause in question* is this: "Tenderers in India must satisfy Government in the earlier years that an appreciable part of the manufacturing will be done in India. This condition may be expected to become gradually more stringent until eventually tenderers, in order to be successful, will be required to show that they can carry out in their works in India all processes usually carried out in locomotive works in England." It is quite evident that Government fairly recognise that it is impossible to commence the construction of complete locomotive in Intdia in the first year and that a very considerable period will have to elapse before sufficient skilled men are available for the complete construction of an engine. If Government were to insist on the entire construction of locomotives in our works in the first year, I think that such a degree of protection would have to be given to make the construction possible that it could hardly be considered.

President.—Looking at it from another point of view, I think that the number of locomotives you will be able to construct in the first year would be quite a small percentage of the total demand in view of the necessity of training your Indian labour.

Mr. Reed.—Quite so.

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* See Statement II.

President.—There is no particular point, is there, in making the Company anaged railways pay a higher price for their locomotives when you will be de- ndent on the direct orders of the Railway Board?

Mr. Reed.—No.

President.—Larger prices would have to be paid by the community generally a duty were imposed but at that stage the public would not be getting any uivalent advantage.

Mr. Reed.—I quite see the point. What I wanted to say was this. It is very ard to say what Government actually mean—I do not know—I have not seen e Railway Board—by this sentence "Tenderers in India must satisfy Government the earlier years that an appreciable part of the manufacturing will be done in ndia." If a period of 7 to 10 years were allowed for the complete manufac- re to come into operation in India and, if we were allowed in the meantime to nport free of duty such component parts as could not be manufactured at Tata- agar, I should say that a rate of duty on the finished production of 40 to 50 er cent. would be sufficient to enable us to establish the industry.

President.—During that period?

Mr. Reed.—Yes.

Mr. Mather.—Do you mean the whole period of 7 to 10 years?

Mr. Reed.—I won't commit myself to that, but at the end of five years reduc- ion could be considered.

President.—As regards the purchase of locomotives; looking at the question roadly, Government is practically almost the sole purchaser. This is true even the case of Company managed railways, because Government take the lion's hare of the surplus profits. It is conceivable that, in view of that, it might be hought undesirable to give protection in the form of tariff duty. It it is defi- itely decided to encourage the manufacture of locomotives, the easiest way is o give a bounty or—which comes to the same thing—a certain percentage over he prices of imported locomotives.

Mr. Reed.—So far as the company is concerned, both methods would be equally uitable.

President.—You mentioned that a duty of 40 to 50 per cent. would probably e required and that on the assumption that you could get your raw materials ree of duty: that is, only until you have actually manufactured some locomotives. hat is still in the air.

Mr. Reed.—Yes.

President.—It may prove to be a right estimate, it may prove to be excessive r it may prove to be inadequate. It is hardly possible for any one to say at resent.

Mr. Reed.—It all depends, as I said before, on the reading of clause (*d*) in he Government's communiqué.

President.—I am not quite sure that I follow that. Do you suggest that the ess manufacture you actually carry on in this country, the cheaper you can urn out your locomotives?

Mr. Reed.—For the first few years undoubtedly. First of all, there is the ifficulty and expense of collecting in a short time sufficient skilled labour for the omplete manufacture of locomotives—and a far larger amount of covenanted abour would have to be used—and it is also a fact that the education of the nen must be spread over a considerable period of the company's existence in- tead of attempting fully to establish the works in a short time.

President.—This might be the convenient opportunity to put the question in different form. You have suggested a duty of 40 to 50 per cent. What are ou taking as the probable price of the imported locomotives?

Mr. Reed.—They vary according to the type. They may cost £4,000 or they nay cost £8,000.

President.—A percentage basis may be misleading until one knows definitely. Have you any figure in your mind as to what for instance it is likely to cost you for two years to construct this Bengal North-Western 2-8-0.

Mr. Reed.—I can give you an approximate figure.

President.—I don't want you to say more than you are prepared to say, and if this figure is to be taken with qualifications, by all means tell us the qualifications.

Mr. Reed.—The price of the Bengal North-Western 2-8-0—contract for which was given out last year—was £5,120. We don't look upon that as a fair price. From our works at Stoke which we consider to be equal to any other works in England, we believe that it is below cost price.

President.—That is to say there is an actual loss?

Mr. Reed.—Yes, there is an actual loss on that figure. The price which I think would be fair for that locomotive would be £6,400. For the Peninsular Locomotive Company I think that we could deliver that locomotive free-on-rail at Tatanagar at £9,200 or £9,300, if £6,400 was taken as the basic price.

President.—Freight and erection charges have got to be added to that?

Mr. Reed.—Yes; for the imported locomotive, not that made at Tatanagar

Mr. Ginwala.—The East Indian Railway have imported complete locomotives ready to run.

Mr. Reed.—So I understand. There is still freight to be paid on them.

President.—It would be higher freight no doubt. So they don't save the whole cost of erection—only part of it.

Mr. Reed.—Yes.

President.—Supposing at the end of 5 or 7 years, you have reached your outturn of 400, do you anticipate that a number of years will have to elapse after that before you could compete on equal terms with the imported locomotive?

Mr. Reed.—We only have the American experience. Their duty was 45 per cent. in 1900 and it is now 15 per cent.

President.—Of course they have the advantage of mass production on a scale that India will certainly not attain for a very long time.

Mr. Reed.—Quite so.

President.—For that reason you get some guidance from the experience of America but it is not quite conclusive.

Mr. Reed.—I don't put that forward as a conclusive evidence at all—but only as a collateral statement.

President.—The point we have got to take into account is what prospect is there of the manufacture of locomotives being able to hold its own or how long is the period likely to be. We cannot go deeply into the question. A great deal must depend on the cost of production which would be ascertained after a year or two. Still it is advisable to put the point in order that we may hear anything which you may have to say, because the longer the period is going to be, in a sense the case for protection loses weight. It means that the price which is going to be paid is higher. On the other hand, there may be the argument of national security and general advantage to the community which may counterbalance that. However you are not in a position to tell us at present?

Mr. Reed.—There is nothing I can say which can be considered as really reliable on that point.

President.—I take it that the manufacture of locomotives is a good deal more difficult and complicated business than most fabricating work?

Mr. Reed.—It is a very difficult work and the conditions of contract are very hard.

President.—Supposing you reached a production of 400 locomotives a year, how would that compare with the scale of operations in Great Britain? What would be considered a reasonable outturn for a firm manufacturing locomotives in Great Britain?

Mr. Reed.—150 to 200 a year.

President.—So that you would be at any rate operating on a sufficient scale to get advantages from mass production—quite as great as those of your competitors in other countries?

Mr. Reed.—Quite. The point I should like to make is this. It is, in my opinion, essential that we should have a considerable quantity of one type of locomotive to manufacture, as repetition work is so much easier and can be brought to a much higher pitch of perfection than a continual change in the type to be manufactured in a works. It would be of great help to us if we could know in advance what type we are likely to receive orders for.

President.—You have had no communication with the Railway Board yet?

Mr. Reed.—Not on this matter.

President.—If 400 were the requirements of the Government it is of importance to know just how many types there are in these 400—say 100 of each particular type. If it is a small demand for each, it might not be worth while to undertake the production of these odd types, so to speak?

Mr. Reed.—It would not be an economical policy for a small number of locomotives. Patterns, jigs, templets, etc., have to be made for each type which will add greatly to the cost. In establishing the industry I think it is best to continue with one type of locomotive in view of keeping the cost down rather than several types which would put the cost higher.

President.—I take it that the order that was given by the Railway Board last year was for one type.

Mr. Reed.—Two types.

President.—I think it is important to ascertain the types and what the total was. The figure you have given is 400. Do you happen to know whether that includes the Company railways and the State railways or only the State railways.

Mr. Reed.—It is in the Government communiqué.

President.—160 locomotives and 160 boilers during 1923-24 and thereafter 400 locomotives and 400 boilers. It rather looks as if the E. I. R. is coming into it, as the E. I. R. contract terminates in 1923-24. It rather looks as if the figure did not include any of the company railways except the East Indian and Great Indian Peninsula.

Mr. Mather.—The G. I. P. people told me in Bombay, I think, that either for this year or last year they were not buying any locomotives at all. They have a sufficient stock. I would not like to say very definitely but I think this was the information we got.

Mr. Ginwala.—I think it is right. The Inchcape Committee said that some of the railways had more locomotives than they had need for.

Mr. Reed.—It is on the strength of this communiqué and the quantities quoted therein, that our works for the manufacture of engines and boilers were designed and laid out.

President.—In paragraph 29 you mention that in the case of motor cars a duty of 30 per cent. has failed to establish their manufacure in India. . . I do not know that a motor car is really a comparable thing, because I think the possibility of establishing motor car works in India depends very largely on the total Indian demand, and there is only a small demand in India for high priced cars. What India requires is mainly low priced cars. Mass production is essential if costs are to be kept down and it may be that the scale of mass production necessary is enormously larger than the total demand.

Mr. Mather.—It cannot be said to have failed, because the duty was not imposed for the purpose of stimulating manufacture in India.

Mr. Reed.—The memorandum only tries to point out that, the duty being on, no manufacturer has taken advantage of the duty. It does not say that that was put on with that object.

Mr. Mather.—The consideration the President has put shows that it probably could not be the effect of the duty in any event.

President.—That consideration does not really apply to locomotives because, if the total Indian demand is 400 a year, that is sufficient to keep at any rate one Locomotive works going. On the other hand, it is not clear that the market is large enough to allow more than one firm really taking up the business seriously, and this is a condition that will have to be taken into account in any recommendation to be made because, if manufacture in India must inevitably be a monopoly, that must be taken into account in our recommendations. Then in paragraph 30 you raise the question of importation free of duty of certain raw material. On the assumption that during the first two years you are operating you get certain orders from the Railway Board, the question of the duty you have to pay on your raw materials could be taken into account in the negotiations about the price that you were to receive.

Mr. Reed.—*Certainly, if negotiations are to take place and we are not asked to submit a tender, it would be quite easy to adjust all that.*

President.—I am not in a position to say what the view of the Railway Board would be, but I see the point of what you recommend, as you would be supplying to Government the main difference is whether you would be paying Government in the Customs Department rather than in the Railway Department. It is largely a matter of book-keeping. On the other hand, it has been urged on the Board repeatedly by manufacturers in India that it is very desirable that Government should actually pay Customs duties on its own imports as much as any other importer and, if that is accepted by the Government of India, it would complicate this proposal a little, because you could no longer plead that as you are importing on behalf of Government you ought not to pay. The answer would be that Government pays in any case and the fact that you pay on behalf of Government makes no difference. Besides that there are always difficulties about special rebates or exemption from customs duty. I do not say these cannot be got over. Possibly they could but still on the whole it seems to me to be a question which probably could best be settled along with the other main question after you have worked for a year or two and the facts have been fully ascertained.

Mr. Reed.—Yes, that is my view.

President.—In paragraph 31 you draw attention to the extraordinary drop in price in 1921 and 1922 and during the same period wagon prices were dropping in almost the same way, although at slightly different dates. There was a remarkable drop in prices.

Mr. Reed.—The basic price being below the cost of production, it makes the price on which our calculations for tenders are made look much higher than it would otherwise be. On a fair average for these years our tenders would not compare unfavourably.

President.—Surely 1921-22 can hardly be taken as typical. I take it that the prices for 1920 and 1921 may have included a considerable margin of profit.

Mr. Reed.—I should say that they did. We also consider that the 1922 price contains a considerable margin of loss and, in view of the communiqué, we think it is hard luck that we should be faced with a basic price that is really a figure which comprises loss, when we went to the expense of putting up these works and then be immediately forced into the position of tendering against loss prices. I do not think it is dumping in the exact sense because dumping, I understand, is the importing of surplus stocks rather than actual manufacture at a depressed figure.

President.—The word 'dumping' is a troublesome word. I understand what you mean. This was a case of manufacturing locomotives at a loss in order to keep the works going and not a case of earning a full profit on three-fourths of the outturn in the home market and unloading the remaining fourth at low prices abroad. The motive underlying the low prices is self-preservation and not additional profit. Indeed it is not a question of profit at all: it is a question of keeping alive. Is that in substance your view?

Mr. Reed.—Yes.

Mr. Ginwala.—For how many years has your firm been manufacturing locomotives?

Mr. Reed.—38 years I think.

Mr. Ginwala.—During that period I take it that you have been supplying locomotives to Indian railways?

Mr. Reed.—Yes. The South Indian Railway, Madras and Southern Mahratta Railway, Eastern Bengal Railway, Gwalior State Railway and other railways.

Mr. Ginwala.—Does that apply to your wagon department?

Mr. Reed.—We have manufactured wagons ever since we started but we did not specialise in their manufacture on a large scale till recently.

Mr. Ginwala.—It is a very important point you are trying to make that in 1922 the British manufacturers sold at prices which you consider below the cost of production. You say that a fair price should have been £6,400, that is, having regard to your works cost.

Mr. Reed.—Yes.

Mr. Ginwala.—That would include a certain amount of profit?

Mr. Reed.—No. It does not contain any deliberate addition for profit.

Mr. Ginwala.—Is that the price you obtained for your locomotive at Hom

Mr. Reed.—No comparison could be made. I might say perhaps that it wo be such a tonnage price that we obtained.

Mr. Ginwala.—You do not think that this is the type of locomotive?

Mr. Reed.—No. We could not compare it with anything that we sold l year. We have taken the same price for materials.

Mr. Ginwala.—If you had a market for this class of locomotives at Ho you would not have accepted less than £6,400?

Mr. Reed.—No, unless we intended to make a loss we should not.

Mr. Ginwala.—With regard to your materials you obtain them in the cheap market possible?

Mr. Reed.—Yes. We obtain them direct from the manufacturers.

Mr. Ginwala.—You have given £6,400 as a reasonable price: to t price we may add about £640 for freight and other thin That would come to £7,040. Against that you say you would be able to sup at £9,400. There is a difference of about £2,400. That has to be explained. do not ask for meticulous details.

Mr. Reed.—We are trying to meet the expenses of manufacturing the lo motives in our works at Tatanagar.

Mr. Ginwala.—First of all, how much more would your plant cost to er than one at Home?

Mr. Reed.—It would be erected cheaper in England than here: also th is the freight and duty charged on it.

Mr. Ginwala.—What percentage of difference would it make?

Mr. Reed.—I could work it out from our cost sheets and let you know.

President.—Would you tell us how much of that Rs. 60 lakhs have gone i the works?

Mr. Reed.—The actual expenditure will be about Rs. 30 lakhs.

President.—That is how your block stands?

Mr. Reed.—Yes.

Mr. Ginwala.—That includes freight and other charges. I want to kn roughly. You have to account for this £2,000 to some extent. Can you give some idea of the additional expenditure you had to incur in erecting a plant he

Mr. Reed.—Covenanted labour is one.

Mr. Ginwala.—I am coming to that. Let us deal with the fixed capital penditure first and then let us go to the operating part?

Mr. Reed.—I should say that they came out probably to 10 per cent. m than in England — with actual cost of labour on the erection.

Mr. Ginwala.—You have got to add to it freight and handling charges various other things.

Mr. Reed.—I shall have them made out for you.*

Mr. Ginwala.—Taking the operation side, you have given us figures on p 6. I roughly take it that you have to get about 50 per cent. of your materi locally and the rest you will have to import (1), (2) and (3) will be obtai locally and you can give their total cost and you can give the cost of (4) to separately—how much it would cost you more landed in this country compared what it would cost you at Home?

Mr. Reed.—The value of the materials for the construction of a locomot is about 40 per cent. of the whole cost—

Steel—25 per cent.

Cast iron—1 per cent.

Copper and brass work—14 per cent.

Labour—30 per cent.

Establishment charges and supervision—30 per cent.

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* Statement III(1).

Mr. Ginwala.—What I wanted to know was this. These materials from (4) to (9) that you will have to import would necessarily mean an additional burden that you would not have to carry at Home.

Mr. Reed.—Duty will be payable on these materials.

Mr. Ginwala.—What is the duty?

Mr. Reed.—10 per cent.

Mr. Ginwala.—You can work out a statement on these lines and send it.

Mr. Reed.—Yes.*

Mr. Ginwala.—With regard to labour you would import a considerable amount of covenanted labour. May I take it that it would probably cost you 50 per cent. more.

Mr. Reed.—I have calculated 60 per cent.

Mr. Ginwala.—What is the total wage bill you calculated on European labour?

Mr. Reed.—On a total imported covenanted labour of 50, 12 foremen.

Mr. Ginwala.—You say that the wages charges would come to 30 per cent. on the cost of locomotives. They will go up to 60 per cent., in the case of the covenanted men. Can you give us any relation between the covenanted and uncovenanted men?

Mr. Reed.—What we do not know is the amount of work which the Indian blacksmith or machinist can do in comparison with the European blacksmith or machinist. We cannot ascertain this accurately until we have experience.

Mr. Ginwala.—How much of the cost they will represent?

Mr. Reed.—If the locomotive costs £6,000 they would cost £1,800.

Mr. Ginwala.—Can you calculate how much they are going to cost you here?

Mr. Reed.—I think £3,200.

Mr. Ginwala.—When you are producing 200 or 300 locomotives that would be reduced?

Mr. Reed.—Yes.

Mr. Ginwala.—How much of this difference in cost would European labour come to?

Mr. Reed.—We shall send you that information.†

Mr. Ginwala.—You have to charge depreciation. It may be the same percentage but the total amount of depreciation would be more because the price of the plant would be higher.

Mr. Reed.—We charge depreciation in different ways at Home. Buildings—2½ per cent., on plant, I think, 8 per cent. and on loose tools 20 per cent. We should charge the same depreciation here.

Mr. Ginwala.—And the amount would be increased on the actual extra cost of the plant?

Mr. Reed.—Yes.

Mr. Ginwala.—With regard to your working capital have you got to pay a higher rate of interest on capital here?

Mr. Reed.—I have not had occasion to borrow money here but on deposits we get a higher rate than we do in England.

President.—At any rate you need not borrow now because you have got something here out of the capital you raised?

Mr. Ginwala.—These are the main items which may help to explain this difference of £2,000?

Mr. Reed.—Another item we have to take into consideration is the fact that we shall have a good deal of work that will not go into the locomotives; especially the work on castings. For this some allowance has to be made. A large number of men will have to be highly trained which will take time. There is sure to be a certain proportion of the work which would not be turned out in a sufficiently good state to be approved by the Government Inspector.

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* Statement III(2).

† Statement III(3).

Mr. Ginwala.—That means that you would take a long time.

Mr. Mather.—What proportion of the cost, say on this £6,000 basis, would be accounted for by local rates?

President.—You have got a set off here because you have to provide housing here for your labour.

Mr. Reed.—It is far more than set off really.—Rs. 16,000 a year we have to pay for town administration.

Mr. Ginwala.—It is cheaper for you to pay these rates?

Mr. Reed.—The rates here would come to approximately 30 per cent. of what we pay in England. What we really pay to the town administration here is about 30 per cent. of what we should pay to the local authorities in England.

Mr. Ginwala.—That is true but you would get more amenities in England.

Mr. Reed.—Certainly we should get more amenities.

Mr. Mather.—If you could tell us how much of that item of £6,000 is the price in England for labour and how much is due to local rates it would be useful.

Mr. Reed.—I think in our English works running at full capacity on a locomotive costing £6,000 something like £50 to £60 would go to the local authorities. You might say £1 per ton.

Mr. Ginwala.—Going back to your tenders last year you say that you were prepared to build these locomotives in India and charge 8 per cent. on the cost of each locomotive?

Mr. Reed.—Yes.

Mr. Ginwala.—That would have given you at 8 per cent. perhaps £500 profit?

Mr. Reed.—About £450. The Railway Board did not wish to negotiate at cost price contracts.

Mr. Ginwala.—Did they give any reason?

Mr. Reed.—I don't think they gave any reason.

Mr. Ginwala.—Supposing this was done now, would that meet your present requirements?

Mr. Reed.—It would.

Mr. Ginwala.—But you know that means a lot of interference with your management, examination of accounts and so on?

Mr. Reed.—We have nothing to fear. We would welcome that.

Mr. Ginwala.—For inspection purposes Government officers will go there and they might go into some question of costs and other things.

Mr. Reed.—There is no reason why they should not.

Mr. Ginwala.—Government must know what it is going to cost. You can hardly expect it to give you an order without knowing what its liability is likely to be.

Mr. Reed.—This is one side of the contract. If the cost is more we lose it. If a maximum was fixed and certain advantage was given to us for all saving on that maximum figure, we would be quite prepared to do that. We will put a maximum beyond which the loss should be borne by the Company.

President.—I think the Railway Board are likely to insist on fixing a maximum.

Mr. Reed.—We would have no hesitation to tender on that basis.

Mr. Kale.—I was rather interested in the statement that you have made with regard to the position of Switzerland and Italy as manufacturers of locomotives. Does Italy manufacture for internal use as well as for export?

Mr. Reed.—They export locomotives and manufacture them also for internal use.

Mr. Kale.—Do their exports play an important part?

Mr. Reed.—They export a large amount of rolling stock to the Argentine.

Mr. Kale.—In which markets do they compete?

Mr. Reed.—In South America and Egypt.

Mr. Kale.—Has the Government in Italy pursued a deliberate policy of protecting the locomotive industry there?

Mr. Reed.—Their duty is rising. In Italy the duty is calculated in sterling per 100 kilos and it has risen from 11 per cent. in 1900 to 23¾ per cent. in 1923. In addition to that they have the advantage of a slightly collapsed exchange.

Mr. Kale.—Before the war did the Government deliberately protect that industry?

Mr. Reed.—They protected it to the extent of 11¾ per cent.

Mr. Kale.—That was not a large amount of protection? How could they manage to protect the industry by such a small duty?

Mr. Reeed.—I don't think they exported many locomotives before the war. I think the Italian works became so developed and efficient during the war.

Mr. Kale.—On page 13 I am afraid there is a misprint which is not of much importance. You refer to the debate in the Legislative Assembly in March 1923. I think it should be March 1922.

Mr. Reed.—Yes. That is a misprint.

Mr. Kale.—May I ask you whether Sir Vithaldas had anything to do with the establishment of this Company?

Mr. Reed.—Not to my knowledge.

Mr. Kale.—Do you think that Sir Vithaldas and those who supported this Resolution had definitely in mind the idea of promoting the manufacture of locomotives in India, or only wagons?

Mr. Reed.—I can't say. The only information on the subject I can refer to is the Government communiqué which stated it to be their considered policy that locomotives should be manufactured here.

Mr. Kale.—Do you think you will be able in the course of 10 or 15 years to compete with foreign manufacturers?

Mr. Reed.—I can only say I hope so, but it is a very long period to give an estimate or to form any opinion that is worth while recording, but I see no reason why we should not, provided the normal course of events takes place.

Mr. Kale.—I am asking this question in view of the great difficulty you have to face in the initial stages: you have to import material, you have to train your labour and employ covenanted labour.

Mr. Reed.—The locomotive is such a complicated machine and it has so many parts (there are some 20 skilled trades all employed in its manufacture) that to commence it at once would not be economically sound and it will probably lead to disorganization in future and it is rather to a slow increase in efficiency of the works that one must look.

Mr. Kale.—You rather emphasize the point that the manufacture of locomotives is so important that it should be protected even at some cost.

Mr. Reed.—I have no hesitation in saying so. This is the basic industry of the mechanical engineering industry and the actual fabricating industries.

Mr. Kale.—What are the other industries which you speak of arising out of the locomotive industry?

Mr. Reed.—Any industry that requires mechanical skill. The actual trades trained and employed in locomotive works are the following and I do think that this practically applies to the whole of the skilled mechanical labour—

Patternmakers.
Iron Moulders.
Brass Moulders.
Blacksmiths.
Boilermakers.
Fitters.
Turners.
Machinists.
Millwrights.
Platers.
Erectors.
Toolmakers.
Die Sinkers.
Draughtsmen.
Coppersmiths.
Brass finishers.
Joiners.

Mr. Kale.—Are these different from those we have in engineering works in Calcutta—Burn & Co. or Jessop & Co. for instance?

Mr. Reed.—They will employ a very large number of these trades but the locomotive manufacturer employs them all.

Mr. Kale.—A large variety, or more of these people?

Mr. Reed.—That comprises practically the whole of the mechanical trades that I know of. There are a few others, tinsmiths and others, but the actual trades engaged in mechanical manufacture are all employed in a locomotive works, and the students who are going through these works for technical education get the advantage of having all these trades centred in one production.

Mr. Kale.—You refer to that as a distinct feature of the locomotive industry?

Mr. Reed.—A distinguishing feature of the locomotive industry.

Mr. Kale.—I only wanted to point out that, although the duty on matches in India works out to-day at 100 per cent., yet there is no match manufacturing industry flourishing in India, so unless the industry is deliberately developed, the mere existence of import duty will not help that industry. There is a 100 per cent. duty on matches imported into the country and yet no very great progress has been made in the manufacture of matches in India. Other circumstances will have to be taken into consideration, the suitability of the raw material and of the locality and so on. There are many other considerations which enter into the establishment of an industry and unless they are satisfied a mere 50 per cent. duty will not help you.

Mr. Reed.—But we are satisfied that we can manufacture locomotives in this country: in fact it has already been done.

Mr. Mather.—On this question of the advantage to India of a locomotive industry as a training ground, you will probably be aware that the manufacture of locomotives is not entirely new. As the President has told you, the B. B. and C. I. Railway Company are doing it for metre-gauge locomotives and to that extent similar training is already available: similarly locomotive repair shops on the different Railways must employ practically all those classes of labour you mention so that the introduction of work required of this kind of labour is not new to India. To some extent that is an advantage to you that there is a certain reserve of labour experienced in that branch in the country. I admit you would be concentrating more of that kind of labour in one place than is concentrated in any other one works, but, as I said, this is not an entirely new advantage to India. When in paragraph 5 you tell us "that the locomotive industry is the origin of the manufacture of steam and internal combustion engines, motor cars, electrical machinery" it seems to me that you are rather stretching the point.

Mr. Reed.—I actually think so. A large proportion of the electrical machinery is very accurate mechanical work and probably the people who originally made the electrical machinery were trained in locomotive works. The first big fabricated machine is the locomotive.

Mr. Mather.—It was the steam engine. However I do not press the matter very much: it is a matter of opinion.

Mr. Reed.—As regards engineering work it is quite clear that locomotive works were the works that were first established.

Mr. Mather.—I think the pumping engines were the first. However we do not press that. Then in paragraph 2 you rather imply that the locomotive industry itself and the industries which grow up alongside it are essential if companies operating iron and steel works are to find within their own country a continuous demand for their products.

Mr. Reed.—We mean rails, steel sleepers, steel wagons and so on.

Mr. Mather.—India has provided a very substantial market for rails without a locomotive industry. Naturally of course anything that adds to the industrial resources of the country adds to the market for steel, but the dependence of the steel industry on the locomotive industry in that sense is not very great.

Mr. Reed.—But surely but for the locomotive industry nobody would require rails?

Mr. Mather.—That can be done by importing locomotives and that can continue for a very long time.

President.—It can be argued the other way. In so far as you pay higher prices for locomotives it retards the growth of railways.

Mr. Mather.—In paragraph 15 you tell us that you propose to get your iron castings from the Calmoni Engineering Co., at Tatanagar whose works have been inspected and passed. Has that been done by some of the Railway Board officials?

Mr. Reed.—They were inspected at the request of the Controller of Stores of the North-Western Railway by the Government Metallurgical Inspector at Jamshedpur.

Mr. Mather.—I do not claim any special knowledge of that kind and I certainly did not have in mind the possibility of the Calmoni Engineering Co. making castings for locomotives, when I made that inspection. I thought that perhaps there had been inspection by a locomotive engineer. Then, in connection with the possibility of the manufacture of boiler plates in India what is the biggest thickness of plate required?

Mr. Reed.—Three-fourths of an inch to one inch.

Mr. Mather.—And the width?

Mr. Reed.—5′—6″. I think 6′ should cover it.

Mr. Mather.—I just wanted to make sure whether it was within the capacity of Tata's Plate Mill.

Mr. Ginwala.—In your balance sheet I see that you keep your depreciation account on this basis that you take the actual value for the year and then you take depreciation on that actual value and carry that forward to the next year?

Mr. Reed.—Yes. We carry the reduced amount.

Mr. Ginwala.—In determining your selling price would you add to your works cost the depreciation on that value or on the original book value?

Mr. Reed.—That value, but there is only a difference of about 2½ per cent.

Mr. Ginwala.—In calculating the price at which you could afford to sell locomotives you take this as depreciation, and not depreciation on the original book value?

Mr. Reed.—No. We depreciate our plant to the neighbourhood of £10,000 to £12,000 a year.

Mr. Ginwala.—So that your selling price would be reduced to that extent?

Mr. Reed.—That is very small.

Mr. Ginwala.—Your depreciation remains at about the same figure? If you increase your plant it would go up?

Mr. Reed.—We do make additions but that does not amount to much.

Mr. Ginwala.—You take the actual value as you consider it to be during that year?

Mr. Reed.—Yes.

Mr. Ginwala.—Then I take it you take the amount written off as depreciation to some other fund. What is your practice?

Mr. Reed.—It goes into the general account. If we write off the value of the plant on one side of the balance sheet it does not appear on the other side of the balance sheet.

Mr. Ginwala.—You use that as you like?

Mr. Reed.—We really use it as additional working capital. We generally run our balance sheet on the principle of creating a balance fund. We carry a balance forward of £40,000 because in these times when such variations take place in any year we avoid taking money from the reserve.

Mr. Ginwala.—You make it a point to maintain the value of your plant?

Mr. Reed.—Always.

Mr. Ginwala.—So that it is not necessary for you, really speaking, to keep a reserve of that sort?

Mr. Reed.—We have no reserve for depreciation of plant. A large expenditure appears in our upkeep item which is labour used in keeping the plant in good condition. It is a very large item. It means approximately another £10,000 a year.

No. 21.

The Indian Standard Wagon Coy., Ltd., Calcutta.

WRITTEN.

Statement I.—Original Representation of the Indian Standard Wagon Co., Ltd., dated August 21st, 1923, to the Tariff Board.

With reference to your communiqué No. 86, dated 3rd August, we herewith enclose statements and letters showing the present position of the Indian Standard Wagon Co. Ltd.

These letters and statements show clearly the position of the Company, its difficulties and what will require to be done by Government to help this industry, and so as to enable it to be established on a sound footing.

The Report of the Fiscal Commission states:—

(1) That any industry which is essential for purpose of national defence and for which conditions in India are not unfavourable should if necessary be adequately protected irrespective of the general condition laid down for the protection of industries.

(2) That where an important industry needs immediate assistance Government should consider the claims of the industry and if satisfied should recommend to the Legislature, the grant of the necessary help, pending fuller investigation by the Tariff Board.

(3) That power should be taken to impose a dumping duty when after enquiry by the Tariff Board, it has been established that dumping is taking place and that it is injuring or is likely to injure an Indian Industry.

(4) That similar power should be taken to prevent unfair competition from a country with depreciated exchange.

(5) That in the interest of Indian Industries duty should be charged on goods belonging to Government.

We claim (1) that the Wagon Building Industry is essential for purposes of national defence, and that the Policy of Government should be to make India absolutely independent of foreign manufactures for the provision of its normal requirements in the way of rolling stock.

(2) That the industry now needs immediate assistance if it is to meet the severe competition begun in October last by the English Makers who from the figures we enclose you will see have quoted figures that it is impossible for this Country to compete with.

(3) All industries in India are severely handicapped at the present time by:

(1) increased cost of labour,

(2) decreased efficiency of their labour compared to prewar days,

(3) excessive cost of coal, which is due also to high labour rates and small outturn of the workmen.

(4) Increased cost of materials and stores due to high tariffs and greatly increased cost of working the Ports.

(5) Increased cost of Railway Freights and inefficient service, causing heavy losses due to delays in deliveries and losses in transit.

As manufacturers, we are against the introduction of any form of protection on the raw materials required for our manufactures. We quite recognise, however, that something will have to be done in order to keep the steel industry alive in which case it will therefore be necessary to give similar protection to all such other industries which are dependent on the steel Industry. We therefore ask that whatever protection you may recommend to Government for the steel Industry should also be granted to the Wagon, Carriage and Rolling Stock Industry.

We hope that the Tariff Board will be able to visit and inspect our Works which are situated close to Asansol so that they can judge and see for themselves the scale on which the Works have been planned and what they are capable of.

We will also be pleased to give personal evidence before the Board in Calcutta they desire it.

It is understood that all the letters and figures which we enclose regarding the Standard Wagon Co., to be treated as *confidential*, as we do not wish these facts published.

List of enclosures (to Statement I).

1. Letter No. 669.S-16 from the Secretary, Government of India, to the Secretary, Indian Engineering Association, dated 6th November, 1916.
2. Letter of the 8th January 1917 from Burn & Co. Ltd., to the Secretary, Indian Engineering Association.
3. Copy of letter 87-I.E., of the 16th August 1917, from the Secretary, Indian Engineering Association, to the Secretary to the Railway Board.
4. Copy of Government of India Communiqué, dated March 1st, 1918.
5. Copy of note on Wagon Building in India and Chart of wagons built.
6. Copy of letter No. ISW.W/2313 of the 15th November and Chart from the Indian Standard Wagon Co. Ld., to the Hon'ble C. A. Innes, C.I.E., I.C.S.
7. Copy of letter of the 14th November from Messrs. Place, Siddons & Gough to the Indian Standard Wagon Co. Ld.
8. Copy of letter of the 8th February No. W/155 from the Indian Standard Wagon Co. Ld., to H. F. Davy, Esq., A.M., I.C.E.
9. Copy of letter of the 19th February No. W/194 from the Indian Standard Wagon Co. Ld., to the Hon'ble Mr. C. A. Innes, C.I.E., I.C.S.
10. Copy of letter of February 1923 from the Indian Engineering Association to the Secretary, Government of India, Commerce Department.
11. Copy of Indian Engineering Association's letter No. 70-I-E. of the 7th June 1923, to the Secretary, Government of India, Railway Board.

Enclosure No. 1.

Letter No. 669 S-16, dated Simla, the 6th November, 1916.

From

The Secretary, Government of India, Railway Department,
Railway Board,

To

The Secretary, Indian Engineering Association, Calcutta.

I am directed to address you on the subject of the construction of Railway Wagons in India.

It is anticipated that there will be a large demand for wagons as soon as the War is over, and that at the same time, there will probably be considerable difficulty in meeting the demand from abroad; the Railway Board, therefore, think it is necessary to consider how far it may be possible to meet these demands in the country, and they wish to know at what figure the capacity of Indian manufacturers as regards the annual outturn of railway wagons may be estimated at for say the next ten years.

3. It is important in particular to know how far it is anticipated it will be possible, not merely to erect and assemble materials imported from England and other coun-

tries but to manufacture the wagons, including such parts as wheels and axles, springs, draw-gear, etc., in whole or in part, from steel of Indian manufacture.

3. It is recognised that in order to foster this industry some form of encouragement may be necessary, such for instance as a guarantee that a percentage of the total orders each year will be placed in the country.

4. I am to ask that the Railway Board may be furnished with the views of your Association on these matters as soon as may be convenient, in order that they may take into consideration the extent to which it may be possible to give encouragement to local manufacture.

Extract of letter dated Sakchi, the 25th November, 1916, from Messrs. The Tata Iron & Steel Company Ltd.

" We expect the output of our plate mill to be about 250 tons per 24 hours and we will be able to roll plates from $\frac{1}{8}$" thickness to 1$\frac{1}{4}$" thickness with various widths up to 84" and to various lengths up to 50 feet. Our production of axles, spring steel, wheels, etc., would depend entirely upon the Railway Board's decision as to how many wagons of Indian manufacture would be taken by the different Railways each year for the next 10 years. If you could procure this information for us at an early date it would be great benefit to us in laying out our new mills.

The Railway Board and the Indian Engineering Association would, of course understand that we would not be able to supply all the necessary materials for wagon building before 1921, and even after that date our ability to supply will depend on our not encountering unforeseen difficulties in starting up our new additions."

Circular No. 6/I.E.

Indian Engineering Association,
20, Strand Road,
Calcutta, 18th January, 1917.

From

H. M. HAYWOOD, ESQ., Secretary,

To

ALL MEMBERS OF THE ASSOCIATION.

Construction of Railway Wagons in India.

1. I am directed to subjoin for your information a copy of a letter from the Railway Board, No. 669 S/16, dated 6th November 1916, on this subject and to request the favour of your informing me at the earliest opportunity what you can under take to do in regard to wagon construction.

2. I also append for information an extract from a letter from the Tata Iron and Steel Co., regarding supply of materials.

Enclosure No. 2.

The 8th January 1917.

From

Burn & Co., Managing Agents,

To

The Secretary,
Indian Engineering Association, Calcutta.

In reply to your favour forwarding a copy of the Railway Board's letter No. 669 S.-16 of the 6th November 1916.

1. We note from the copy of Messrs. The Tata Iron and Steel Co. Ld.'s letter to you that they are unable to promise plates and other materials for Rolling Stock Fittings at present not manufactured in India, before *1921*.

2. With this information before us we can promise an outturn of 1,500 wagons increasing to 2,000 per year using imported fittings, etc., for the first four years, *i.e.*, a total of 7,000 wagons during the four years.

3. After this length of time, however, we are prepared to increase our outturn to *5,000 wagons per year* complete in every way and built of Indian manufactured materials conditionally on these materials being available as promised and that we receive a guarantee that this number of wagons as a minimum will be placed with us.

4. In addition to these wagon figures we can deal with seventy-five Broad Gauge Carriage Underframes and Bogies per year for the first four years; conditions *re* material and fittings being the same as in the case of the wagons.

5. After the four years we shall also be in a position to deal with 150 Broad Gauge Underframes and Bogies for Coaches with wooden bodies as well as 150 Steel Coaches; conditions *re* material and guarantee the same as in the case of the wagons.

6. We must bring to your attention that we shall be materially assisted in keeping to and even increasing, the figures given if a minimum number of types of wagons is ordered. One type of wagon going through continually will give a very much larger outturn than two or more types going through at the same time, the outturn suffering as the number of types being built increases.

Enclosure No. 3.

No. 87-I.E., dated Calcutta, the 16th August, 1917.

INDIAN ENGINEERING ASSOCIATION.

From

The Secretary,
Indian Engineering Association,

To

The Secretary to the Railway Board, Simla.

I am directed by the Committee of the Indian Engineering Association to acknowledge the receipt of your letter No. 543-S/16-III, dated 7th July, in reply to their letter No. 34-I.E. of 22nd March 1917, on the subject of the supply of railway permanent way materials.

2. In reply I am directed to say that the Committee have noted the previous correspondence to which you draw attention and they desire to record their appreciation of the assistance which has been rendered to the industry by the Railway Board in bringing prominently to the notice of the Railways the desirability of making use to the utmost extent of the facilities existing in India for the supply of the material of which they are constantly in need. There is, however, one point in your letter upon which Committee desire to remark and that is the statement that "the demand now put forward for a guarantee yearly minimum of orders is a new issue."

Letter No. 669-S/16, dated the 6th November, 1916.

3. So far from this being the case, the Association's representatives, at the meeting which took place at Simla on the 3rd May 1916, pointed out that a guaranteed minimum orders was necessary in order to induce Indian firms to lay out the capital and instal the plant requisite for the manufacture of permanent way materials in quantities sufficient to make the Indian Railways independent of supplies abroad. And the Railway Board themselves, writing on the subject of the construction of Railway wagons in India said—"It is recognised that in order to foster this industry some form of encouragement may be necessary such, for instance, as a guarantee that a percentage of the total orders each year will be placed in the country." The question of the placing of a proportion of orders in this country has also been discussed with the Hon'ble Mr. (now Sir W. H.) Clark,

firstly on 31st January 1912 and again on 28th October 1914. In fact, the securing of a larger share of Government orders is what the Association has been striving for from the commencement, the Government of India having been memorialised by the Indian Engineering Industry so far back as 1890.

4. Should a guarantee of a minimum of orders yearly be impracticable, the Association would ask for a guarantee that a percentage of the total orders each year for such requirements, including wagons, as the Engineering Works in this country are in a position to manufacture, will be placed in India. With the prospect of a continuity of work of this description the Engineering firms in this country would gradually extend the necessary plant and so be able to cope with a larger proportion of orders. Without the prospect of a definite share of Government orders this Department of the Engineering Industry must languish as it has been done in the past and India must remain, as before, mainly dependant upon supplies from abroad—a position which the War has shown is not in the best interests of the Country.

Letter from the Association to the Government of India, Department of Commerce and Industry, No. 50 W., dated 22nd July, 1912.

5. Another matter which the Committee wish to submit for the consideration of the Railway Board is that of simultaneous tenders and the comparison of rates.

The following extract from the above noted letter explains the position :—

> "The Committee would invite attention to the method followed by the Calcutta Port Commissioners when it is considered desirable to ask for English tenders. Such tenders are compared with the tenders sent in by Indian firms on the same date as the English tenders were posted. It thus amounts to a simultaneous tender by Indian and Home firms and these are considered together on their merits. The Committee submit that this is the only fair way of comparing prices and they respectfully desire to enter an emphatic protest against the system of judging quotations from Indian firms for small quantities of goods, against the prices quoted in England for large quantities. It necessarily follows that different results as regards prices must be obtained, these depending upon the quantity of any particular article ordered at one time; for instance, the price for a few yards of fencing will not be the same as the price for the several thousands yards, and so on. In these days what is known as 'mass production' is an important factor in lowering labour and other charges, and thereby lowering the cost of the articles produced. Indian manufacturers only ask to be put on the same footing as their British competititors and the Committee trust that it will be found possible to introduce a system of simultaneous tenders for the full requirements of Indian State Railway. Considering the capital invested by the members of the Association in India and the amount of money which Indian firms contribute to the revenues of the Indian Railways and to Indian Finance generally, the Committee respectfully submit that when prices are about equal the preference should be given to the Indian firms."

In the list of the experience gained during the War the Committee would now suggest that all tenders should be called for and settled in India, instead of at Home as hitherto, Home Manufacturers, of course, being given an opportunity of tendering. The Consulting Engineers to the Government of India should be resident in India so as to be conversant with the capabilities of the various firms instead of basing their opinion as they do now on what could be done in India years ago.

6. In conclusion I am directed to invite attention to the following remarks made by the Hon'ble Sir George Barnes in the course of a speech delivered at Bombay on 10th July 1917, reported in "The Pioneer" of 13th idem :—

> "It seems to me and I hope, Sir, that you will agree with me, that one of the best means of giving support to indigenous industries is the placing so

> far as possible of Government orders with them. The War has undoubtedly brought many evils upon us but it has also brought a benefit in that it has taught us, and is still teaching us, that there are many things which can be made and which ought to be made in this country which hitherto have been brought in from outside. It is the policy of the Government of India and of those who are in control of the Munitions Board that these new sources of supply should be sought out and should be encouraged by the placing of Government orders with them. Our object is to make India more self-supporting in future than she has been in the past and to see that the growth of new industries may be rapidly increased by the fertilising stream of orders for goods which the Government requires in this country."

It is clear from the above that the Government of India are fully alive to the desirability of according in future a larger measure of support to Indian Industries than has been the practice hitherto, and it is hoped that the Association's request for the allotment to India of a proportion of the orders for railway plant, etc., will commend itself to the sysmpathetic consideration of the Government of India.

Enclosure No. 4.

Government of India Communiqué, dated 1st March 1918.

"The Government of India have recently had under consideration methods of making India more independent of outside sources in the supply of Railway materials. One case in particular which they have recently examined in consultation with the Indian Engineering Association and Railway Administration, is the construction of Railway wagons in India; and, as the result of enquiries they have made, they are now able to announce that they will guarantee to purchase in India 2,500 broad gauge and 500 metre or narrow gauge wagons annually for ten years, provided that the price is not higher than the price at which wagons can be imported, and subject to conditions which will ensure that the materials and the workmanship are satisfactory. Tenders will be called for as soon as financial considerations admit and the necessary materials are obtainable.

It will be understood that the number of wagons stated does not represent the probable requirements of Indian Railways. What the Government are anxious to do, is to establish on a solid basis in India the Industry of wagon construction and at the same time the manufacture of materials for this industry by means of a steady stream of orders for wagons. While at the present time, they could not with safety go further, they believe that the guarantee now given will be sufficient for the purpose they have in view. The aggregate requirements of Indian Railways will certainly be more than 3,000 wagons a year; and once the Indian production of wagons is established on a satisfactory basis, there is every reason to hope that an increasing proportion of orders will be placed in India."

Enclosure No. 5.

WAGON BUILDING BY BURN & Co., LTD., HOWRAH.

Note by Mr. Taylor of Messrs. Burn & Co., dated 12th January, 1917.

Interested parties have encouraged the idea that all wagons built in the Country are only assembled by local makers from imported parts.

So far as Messrs. Burn & Co. are concerned the idea is quite wrong as they manufacture wagons as completely as their British competitors. The parties who assemble wagons in India are the Railway Companies in their own workshops.

In Burn & Co.'s case, the fittings which cannot be made in India are called "Imported finished materials"—in the case of the Home Firm these parts are sublet amongst other Home Firms who specialise in the manufacture of such fittings.

The Fittings referred to are—Wheels and Axles—Axle Boxes—Buffers—Springs. These are the only items which Burn & Co. do not manufacture in India.

Regarding the raw materials and patented items such as Vacuum Brakes—we are on all fours with British Makers as we obtain these from the same Steel Works and the same specialists who make the patented articles.

A glance at attached table of wagon orders placed with Burn & Co. since 1900 up to date will show the intermittent nature of the demand for wagons.

The wagon side of our business has only been kept going by the fact of our other large Departments standing the loss during the barren years.

In order to be self-supporting any Wagon Works in India must have a guaranteed number of wagons placed every year. Continuity of orders is essential to success and any break in continuity as in the past would mean disaster, to an industry which is specialised and cannot be adapted to do general Engineering Works.

Wagons and Carriages ordered 1900-01 to 1923-24 (end of July).

YEAR.	Number of wagons ordered.			Number of Carriages ordered.		
	B. G.	M. G.	N. G.	B. G.	M. G.	N. G.*
1900—01	50	..	50	5	..	10
1901—02	..	..	10	..	..	..
1902—03	275	..	15	1	..	..
1903—04	..	..	..	..	..	..
1904—05	..	..	100	1	..	..
1905—06	580	..	80	..	..	..
1906—07	709	..	..	..	..	..
1907—08	147	..	..	40	..	..
1908—09	220	..	..	10	10	1
1909—10	400	33	21	7	24	4
1910—11	515	..	51	..	51	1
1911—12	605	..	35	22	51	12
1912—13	450	..	83	38	25	2
1913—14	1280	..	74	40	29	27
1914—15	..	..	110	16	24	59
1915—16	184	..	119	..	..	73
1916—17	..	..	53	..	..	21
1917—18	500	68	42	25	36	5
1918—19	2000	..	40	..	6	[illegible]
1919—20	12	9	..	..	..	..
1920—21	790	150	..	..	..	..
1921—22	10	..	..	3	..	..
1922—23	100	..	..	15	..	..
1923—24 (up to end of July.)	2	..	..	..	..	..
TOTAL . .	8919	260	883	223	256	221

Enclosure No. 6.

W-2313. 15th November 1922.

From

The Indian Standard Wagon Co., Ltd.,

To

The Hon'ble Mr. C. A. Innes, C.I.E., I.C.S.,
Member of Council, Department of Industries, Delhi.

Re Tender for Wagons.

We have the honour to address you with regard to our tender dated 13th October 1922 for the construction of wagons in accordance with the specification issued by the Railway Board in connection with their advertisement dated 15th June 1922.

2. This advertisement stated that a substantial part of the process of manufacture of wagons must be carried out in India. In our tender we allowed for manufacturing in our own Works all parts of the wagons except steel castings and Vacuum brake gear.

3. We now understand from Mr. Chartres that the prices submitted in our tender are 33½ per cent higher than tenders received by the Railway Board from certain Companies in England, and that under the circumstances it is not proposed to accept our tender. We therefore wish to bring the following facts to your notice.

4. The Indian Standard Wagon Co., Ltd., was formed after publication of the Industrial Commission Report which emphasized the necessity of India being more self-supporting in essential industries and experience during the years 1915-1920 showed how greatly the railways in this country suffered from the lack of a Works suitable for manufacturing wagons in large quantities.

5. The capital of the Company was eagerly taken up by the Indian public, and to-day the share registers show approximately—

	Rs.
450 Indian Shareholders holding shares value . .	25,00,000
330 European Shareholders holding shares value . .	35,00,000
Total Share Capital .	60,00,000

6. The Works of the Company are situated at Burnpore near Asansol and are equipped with a plant arranged on modern lines for mass production to turn out up to 2,000 wagons per annum on the single shift principle, or 3,000 wagons per annum with double shifts.

7. When starting a Works in India it is not possible to obtain a supply of skilled workmen immediately as can be done in Europe. Here it is necessary to procure new labour and train it for a special work required. This is a very difficult and lengthy process but it is one that must be faced if India ever is to advance as a manufacturing country. Such training undoubtedly helps to some extent the education of Indians which both the Industrial and Fiscal Commissions have advocated.

8. During the period of labour training it is impossible for a new Works to reach full output. Only when each department is fully staffed with men who know their work will maximum output be obtained. At present our Works are in a position to turn out the equivalent of 50 A-1 wagons per month, and by April 1923 we expect this figure to be increased to 100 wagons per month, with a gradual increase to 150 wagons per month by April 1924 on single shift working.

9. In order to show the effect of output on costs of production we attach a curve showing the estimated cost per wagon for varying quantities manufactured per annum, from which it will be observed that the Works cannot hope to compete successfully until they reach the stage when they can produce at least 1,500 wagons

per annum. We confidently expect to be in a position to do this by April 1924 and we therefore earnestly ask you to give us sufficient work at a fair price to enable us to carry on the Works to this stage.

10. We say "at a fair price," for it is obvious that the prices quoted in England allow for only material and labour costs without any overhead charges and they are probably aimed at cutting us out of the market entirely. Such prices mean a huge loss and can only be quoted by Companies with large reserves, or favourable banking facilities, neither of which essentials are available in our case as the bankers in this country are not prepared to make advances against block.

11. Even in England there must come an end to such finance, and if our Company is then in liquidation there will be nothing to prevent English Companies putting up prices considerably in order to recoup present losses. We consider that the mere fact of our Company being in existence has saved the Railway Board at least Rs. 750 per wagon or Rs. 22·5 lacs on the tenders recently considered, and we therefore submit that it will be a paying proposition to the Government of India to keep us going.

12. We ask for an order for 1,000 wagons to be completed in the financial year 1923-1924, and our lowest possible price is as follows :—

	Rs.
A-1 Type Wagons as specified	4,994 0 0
Less for C B Buffers	120 0 0
	4,874 0 0
Less for C B Brake Beams	25 0 0
	4,849 0 0
Less for Safety Chains	90 0 0
	4,759 0 0
Less for Door Arresters	50 0 0
	4,709 0 0

13. This price includes a small estimated profit and in view of the fact that we must raise a debenture loan to provide working capital, it is impossible for us to take on an order that does not show some margin of profit. We have been negotiating for 4 months trying to raise a debenture loan but as everyone knows that we are entirely dependent on the Government of India for wagon orders we are informed by our brokers that until the Government's fiscal policy with regard to industries is finally declared to raise a loan is impossible.

14. At present we can only obtain 20 per cent. of raw material in this country, but we are assured that by April 1924 the Tata Iron & Steel Co., Ltd. will be able to supply about 80 per cent. of such material. The salaries and wages paid in India for 3,000 wagons would then amount to Rs. 30-25 lacs and railway freight on the raw materials would be paid on about 14,000,000 ton miles per annum. These figures show the importance of the wagon building industry to India and we again submit that it would be bad policy to allow the industry to be strangled by foreign competition at the present time.

15. We trust therefore that the Government of India will decide to give us orders for all the wagons we can build. The ideal arrangement would be a 4 or 5 year contract based on actual cost of materials *plus* labour and charges as shown on attached curve with maximum charges as for say 1,500 wagons per annum. If you are prepared to consider such a scheme we shall be glad to send a representative to discuss details. Failing this we venture to hope that the offer made in paragraph 12 above will be accepted.

Enclosure No. 7.

1, Commercial Buildings,
Calcutta, 14th November 1922.

From
Messrs. Place, Siddons & Gough,
To
Messrs. Burn & Co.,
Managing Agents,
Indian Standard Wagon Co., Ltd.,
7, Hastings Street, Calcutta.

Re Proposed Debenture Issue.

We regret that so far we have been unable to place this issue. Our difficulty has been that our clients have insisted on full particulars of the Company's activities, work in hand, and particularly whether the present and future earnings are likely to result in sufficient profit to guarantee payment of Interest on Debentures and Preference Shares, ordinary depreciation, and a definite allotment to a sinking fund. This, however, as you are aware, we have been unable to do.

We think that unless some such guarantee is forthcoming, we must abandon the attempt to raise the money required by the Company, but if we can have your assurance that the Company has secured sufficient Government business to guarantee the result indicated above, for say a period of 5 years, we think we may say that a good many of the difficulties that at present stand in the way of successful negotiations would disappear.

Enclosure No. 8.

W-155.

The 8th February 1923.

From
The Indian Standard Wagon Co., Ltd.,
To
H. F. Davy, Esq., A.M.I.C.E., Chief Government Inspector,
Government Test House, 30, Judge's Court Road, Alipore.

With reference to your call on Mr. Chartres this morning, we have pleasure in giving you the following particulars in regard to this Company :—

1. The Indian Standard Wagon Co., Ltd. is a limited liability Company, registered under the Indian Companies Act VII of 1913 on the 25th day of November 1918.
2. All the shares are held by residents of India, the proportion of Indians being over 60 per cent.
3. The Works of the Company are at Asansol and employ 21 Officers on a salary of Rs. 200 per month and upwards. Of these 3 are Indians.
4. The number of Apprentices now employed is 25 but it should be noted that the Works have been running little over 12 months and are not even yet in full operation so that permanent arrangements have not been completed for the employment of a large number of Apprentices, although it is the intention of the Company to train Indian Apprentices in the manufacture of wagons.
5. The Company has not had time to train any of its own Officers.
6. The Company has not yet had a full working financial year and has no balance sheet to submit.
7. The Company was floated expressly for the purpose of manufacturing wagon and its works are laid out specially for this class of work and are quite

unsuitable for dealing with orders for other classes of Engineering work. Over Rupees Seventy lacs have been spent in the equipment of the Works which have been laid out for an output of 3,000 standard wagons per annum.

8. The labour now employed averages about 1,500 and the wages bill when the Works are fully employed will amount to between Rs. 12 and Rs. 15 lacs per annum.

9. The site of the Works has been carefully chosen and special attention has been given to the sanitary equipment of the Works and quarters for all employees, free medical attention being provided.

Enclosure No. 9,

W-194. The 19th February 1923.

From

The Indian Standard Wagon Co., Ltd.,

To

The Hon'ble Mr. C. A. Innes, C.I.E., I.C.S.,
Member of Council, Department of Industries, Delhi.

Re Wagon Building in India.

We beg to address you again on the subject of Wagon Building in India.

1. The Government of India has now adopted the policy of protection, with the expressed intention of encouraging industries which by their nature are suitable for development in India.

2. We submit that Wagon Building is such an industry, for at present 20 per cent. of wagon material can be obtained in this country, and within 12 months the Tata Iron & Steel Co. Ld. expect to be able to supply more than 80 per cent. of all the material required for the building of wagons.

3. The class of work is well suited for Indian workmen, and the importance of the industry to the country may be gauged by the fact that the construction of 3,000 wagons would provide—

   (a) Salaries and wages paid in India Rs. 30 to Rs. 35 lacs.

   (b) Railway Freight on the raw and manufactured materials 14,000,000 ton miles.

4. We shall take an early opportunity of laying the case for the industry before the proposed Tariff Board and we have little doubt that this Board will recommend protection against such dumping as has occurred this year. The Board's recommendations cannot however become effective for at least 12 months.

5. During that period the Company will be compelled to shut down its Works unless a new order for wagons be placed with us at an early date, and in this connection we beg to refer to our letter No. W-2313 which we had the honour of addressing to you on 15th November 1922. In the event of having to dismiss all its men the Company will almost certainly have to wind up and go into liquidation.

6. We again earnestly represent that Government will find it to their ultimate advantage to have in India a strong wagon building industry, and we request that Government should place an immediate order with this Company for at least 500 wagons to enable the Company to continue working with its newly trained men until the Tariff Board has time to frame recommendations to Government on the future development of the Wagon Building Industry in India.

Enclosure No. 10.

Calcutta, 23rd February 1923.

From

The Secretary,
Indian Engineering Association,

To

The Secretary to the Government of India,
Commerce Department.

I am directed by the Committee of the Indian Engineering Association to address you on the question of the manufacture of railway wagons in this country.

2. It is stated that the Government have placed orders abroad for 3,000 wagons and that they will shortly place additional orders, for similar wagons, also with manufacturers outside India. This action has been decided upon at a time when Indian wagon builders are in a most serious position for want of orders; and the Association has therefore no alternative but to take the earliest opportunity of prominently drawing the attention of your Department to it. But before commencing upon it, the Committee will trace briefly the correspondence which has passed, during the last six or seven years between the Government and the Association, on the question of promoting a wagon building industry in this counrty.

3. It is, the Committee believe, correct to say that the idea of constructing railway rolling stock on a larger scale in India began to take practical shape as the result of a meeting which was held at Simla on the 3rd May 1916 between the members of the Railway Board and representatives of this Association. The representatives pointed out that Indian manufacturers could not be expected to provide sufficient capital and plant to manufacture the quantities required to make Indian railways independent of England unless they were certain of a guaranteed minimum of orders yearly. And the Railway Board, in a letter dated 6th November 1916, said that it was "recognised that in order to foster this industry some encouragement may be necessary such for instance as a *guarantee that a percentage of the total orders each year will be placed in this country.*" This Association, in replying on the 17th January 1917, said that "a continuity of orders" was one of the principal points affecting the outturn of rolling stock in India. It was indeed, the Committee thought, of the first importance that a definite programme covering a period of "at least ten years should be laid down by the Railway Board."

4. On the 13th July 1917 Sir George Barnes, who was at that time Member in charge of the Department of Commerce and Industry, addressed the Indian Merchants Chamber and Bureau at Bombay. In the course of his speech he mentioned that "one of the best means of giving support to indigenous industries is the placing so far as possible, of Government orders with them." The war had shown, he said, that India could manufacture many things which had been previously imported. And it was the policy of the Government to seek out these new sources of supply, and to encourage them by placing Government orders with them. The object was to make India more self-supporting than she had been in the past; "and to see that the growth of new industries may be rapidly increased by the fertilizing stream of orders for goods which the Government requires in this country."

5. This announcement of the general industrial policy of the Government of India was followed, on the 1st March 1918, by a specific declaration with reference to the construction of railway wagons. As the result of enquiries which they had made the Government of India said that "they are now able to announce that they will guarantee to purchase in India 2,500 broad gauge and 500 metre or narrow gauge wagons annually for ten years provided that the price is not higher than prices at which wagons can be imported and subject to conditions which will ensure that the materials and the workmanship are satisfactory." The aggregate requirements of the Indian railways would certainly be more the Government of India added, than

3,000 wagons a year; and when once the Indian production was [illegible] satisfactory basis there was every reason to hope that an increasing [illegible] of orders would be placed in India.

6. With the assistance thus promised to them wagon builders in this country laid out additional capital in enlarging their equipment, while one large new wagon building company was floated on the strength of the guarantee which is referred to in the preceding paragraph. And in point of fact wagon building is at the present time the largest single engineering industry in India. Moreover, it is an industry which is particularly well suited to the Indian workman. *But steady employment for the wagon building shops is an indispensable preliminary to success.* This steady employment is not however apparently now to be forthcoming, for the present position is that all the orders which are in hand will be completed within the next few months. All new orders are being placed abroad by the Government, and the guarantee is thus not being implemented. The inevitable result will be that the Indian wagon builders will have no alternative but to close their workshops and to disperse their 5,000 employees whose wages aggregate about Rs. 25 lakhs yearly.

7. In these circumstances the Committee of the Association feel more than justified in asking for the assistance of your Department. It may be answered that a condition of the guarantee was that the price of the Indian built wagon was not to be higher than the price of the imported wagon. This is of course the case, but it cannot be seriously argued that such a condition was intended to have any application to the dumping prices at which wagon builders abroad are now tendering. If the information before the Association is correct, the position of the wagon building industry in India at the moment is accurately defined in paragraph 133 of the report of the Fiscal Commission. "Where," said the Commissioners, "dumping is deliberately designed to destroy an industry, in order to secure a subsequent monopoly, it would be clearly incumbent on the State to take measure to prevent the success of such a policy." The Indian legislature has endorsed the fiscal policy recommended by the Commission; and the Engineering Association has therefore no hesitation in asking that the State should now come to the aid of the Indian wagon builders.

8. It is interesting to note in connection with this question that the Indian railway administration are proposing to spend enormous sums of money on the equipment and the extension of their workshops. In the "Administration Report of Indian Railways in 1921-22" (paragraph 64) an outline is given of what are termed "the larger schemes of extension"; and the estimated cost of these larger schemes is about Rs. 10 crores. Even this is not all, for the report goes on to say that in addition to these projects "in practically every railway shop in India it will be necessary in the near future to spend large sums of money on newer and more up to date plant and minor schemes of extension." It is not suggested by the Association that this huge enlargement of State enterprise is solely for the purpose of building wagons. But it is a fact that one of the principal activities of these railway workshops will be the manufacturing, erection and repairing of wagons and other rolling stock. And these workshops are being extended at this enormous cost at a time when the shops provided—also at great expenditure of capital by private enterprise—are being literally starved for want of orders.

9. In conclusion I am to urge that the question should receive the immediate consideration of the Government of India, for it is undoubtedly a question of the greatest importance in respect of the development of Indian industries. Unless prompt action be taken and orders placed immediately with the Indian wagon builders these concerns will have no alternative but to close down their works which have taken years to construct and organise. Private enterprise embarked on the industry on the understanding that, for a period of ten years, steady work was certain, or in other words that there would be, as Sir George Barnes foreshadowed, "a fertilising stream" of Government orders. Without this aid the industry cannot be maintained, and if the Government have now come to the conclusion that it is not worth maintaining, a definite statement to that effect should be publicly made without delay.

Enclosure No. 11

No. 70-I.E. The 7th June 1923

INDIAN ENGINEERING ASSOCIATION.

From

The Secretary,
Indian Engineering Association,

To

The Secretary to the Government of India,
Railway Department (Railway Board).

I am directed to acknowledge the receipt of your letter No. 2249-S., dated 26th April, 1923, on the subject of the manufacture of railway wagons in India.

Communiqué of 1st March, 1918.

2. Your letter has been considered by the Committee, who are indebted to you for placing before them the position of the Government of India in respect of this subject. They regret, however, that they cannot accept your contention that the policy which was laid down in the communiqué of 1st March 1918 has not been departed from. "What the Government of India are anxious to do," it was said in the communiqué, "is to establish on a solid basis in India the industry of wagon construction, and at the same time the manufacture of materials for this industry, by means of a steady stream of orders." It cannot be seriously argued that this declaration was anything else but a statement that the Government intended to promote and to foster the wagon-building industry. The declaration was understood in this sense by the Indian wagon-builders, with the result that they extended their plant and equipment, and floated one large new undertaking. But your letter is altogether silent on the question of promoting the wagon-building industry. Judging by what you state it would appear that the Government of India now interpret the declaration as an announcement that they will buy their wagons in the cheapest market. In other words that they will buy on a face value comparison of prices, regardless of the money lost to the country by way of taxes, railway freights, etc., that would accrue to the State from wagons built in India.

Report of the Railway Industries Committee, 1923.

3. It is true of course that you refer the Association to the Report of the Railway Industries Committee. But this document does not help the matter in the least. It merely states that at the present time Rs. 50 lakhs can be saved by obtaining wagons in the United Kingdom instead of in India: and that in the interests of the tax-payers, the Government are bound to save this sum. The Association would like to know if the economic advantages referred to above were brought by Government to the notice of the Railway Industries Committee and also the fact that it would have been sufficient to save the Indian wagon industry if orders for only 1,000 wagons had been placed here. For if this had been done there is surely good reason to suppose that the Committee would have made a recommendation in favour of the local wagon builder. They admit in their report that the Indian wagon-building industry ought to have Government help, but they cannot make any suggestion as to the form that this help should take. All that they propose is that the matter should be referred to a Tariff Board, in the event of such a Board being constituted—a recommendation which, as the writers of the joint dissenting note remark, "does not go far towards solving the problem."

Form of assistance for the Indian wagon industry.

4. In 1918 the Government of India were quite definite as to how the wagon industry was to be helped. It was to be given a steady stream of Government orders. And the Committee readily acknowledge that orders were given in pur-

suance of that announcement. But you now point out that the Indian builders charge more for their wagons than the English builders charge: and that they take longer to manufacture them. You quote instances where they have got behind with their deliveries and you emphasise the inconvenience which these delays cause to the railways. It may be assumed that the Indian builders would have readily done their best to meet the Government in the matter of price. But it would appear from your letter that even if the Indian prices had been satisfactory, it is doubtful if any orders would have been placed here, for the reason that the Government would have had "no assurance of that speedy delivery of the wagons which is essential to the rehabilitation of the railways."

"*Dumping*" *prices.*

5. In making these remarks the Committee do not overlook the fact that the communiqué of the 1st March 1918 clearly stated that orders would be placed in this country provided :—(1) that the price was not higher than the prices at which wagons may be imported, and (2) that the materials and workmanship were satisfactory. But they maintain that this was never intended to cover "dumping" prices. You state that the Government of India do not accept the suggestion that the tenders which have been accepted are at "dumping" prices; and it is of course true that the word "dumping" has numerous definitions. But the fact remains that the Indian Railway Industries Committee admitted that the manufacturers in the United Kingdom are "fighting with their backs to the wall in order to keep their works open and their men employed, and they are quoting prices which in some cases at any rate are believed to be below the commercial cost of production." This is unquestionably true, and it fully substantiates the view taken by the Association. And the Railway Industries Committee might have gone on to say, with equal truth, that one of the objects of the British manufacturers in quoting these prices is to destroy the wagon-building industry in India.

Indian prices.

6. I have already intimated that the Indian wagon builders are prepared to do everything possible to meet the Government in the matter of price. And I am now to state that all the members of this Association who are concerned with wagon-building are prepared to give the details upon which their estimates are based, including the prices ruling for steel, fittings, etc. They are also prepared to undertake the supply of wagons for next year's requirements on the basis of cost, *plus* 10%. They will submit all their books for audit by the Government; and they will give a guarantee that the price paid for steel, materials, and fittings, shall not be in excess of the market prices and that present prices for labour shall be charged without enhancement. This would be an assurance that no large profits are looked for; and it would at the same time convince the Government that the prices quoted by the Indian manufacturers are reasonable.

Comparison of foreign and Indian prices.

7. In your fourth paragraph you state that the lowest price received for the largest class of wagon delivered f.o.b. at an Indian port was Rs. 3,209-1-0. To this you add 10% for import duty, making the total Rs. 3,494-5-6. You contrast this with the lowest satisfactory Indian tender, which was Rs. 5,178-8-0. And you add that if the Government of India had accepted the Indian tender, they would have caused a loss to the Indian railways of nearly Rs. 60 lakhs. But it must be pointed out that this loss would only have been incurred if the whole 3,132 wagons had been placed with the Indian builders. It would have been vastly reduced if say, 1,000 wagons had been given to this country. And it surely is a question worthy of the consideration of the Government of India whether the promotion of the Indian wagon industry is not of sufficient importance to justify the expenditure of a few lakhs of rupees. Your letter rather suggests that if any orders had been placed in this country the Government would have lost sixty lakhs of rupees. But this is obviously not the case. The only true comparison of prices would be tenders

for equal deliveries effected by the agency of the tenderer. The present practice of railways helping British wagon builders to complete the wagons they tender for is all in favour of the imported wagon.

8. It is not clear as to how you arrive at the figure of Rs. 3,494-5-6, and I am to ask if the following items are included in this total, namely (1) freight to destination of materials from Indian port ;(2) handling charges of material in railway workshops : (3) erection of the wagons or under-frames ; (4) painting and lettering of wagons, packing of axle-boxes, taring of wagons and (5) overhead and stores charges to cover depreciation, interest, rates and taxes, supervision, power, repairs, and renewals necessary in all workshops. It is a matter of great regret to this Association that the Indian manufacturers should have been placed before the public in so disadvantageous a position as they seem to occupy in the Report of the Indian Railway Industries Committee, and in the other publications on the question. And the Committee of the Association feel that they are entitled, in view of this, to be given the fullest information as to how the comparison of prices has been arrived at. That is to say the comparison between the price of the so-called " Knock down " wagon that the British manufacturer supplies, and the wagon that is supplied by the Indian manufacturer. A " knock-down " wagon has only the floor plates rivetted to the under-frames. The body plates, the axle-guards and the fittings are loose. Only one of such wagons in a hundred is required to be erected. On the other hand the Indian manufacturer has to deliver every wagon complete, ready to be put into commission. It follows that the foreign manufacturer can give a much larger output with resultant decreasing over-head charges and an assumed increased delivery. In any comparison of deliveries consideration must be given to this. Delivery of the wagon should be taken to be the time when it is ready to be put into commission. It may also be observed that your comparison of prices has reference to wagons only. Nothing is said with reference to under-frames. But it is known to the Committee that the prices recently quoted by Indian builders for under-frames were as low as, if not lower than. those quoted by foreign manufacturers. This is due—apart from " dumping " prices—to the fact that the foreign builder has to complete under-frames almost to the same extent as the Indian manufacturer is required to do.

Disadvantageous position of the Indian manufacturer.

9. It has further to be noted that foreign manufacturers can buy their fittings anywhere. They need not necessarily manufacture them in their own work-shops. But the Indian manufacturer is required to make the fittings in India ; and he has endeavoured to do this. It has, however, only been possible by great expenditure on new plant. Further, it does not seem to be understood by the Government that it takes the Indian manufacturer from four to five months to get material after he receives the order for the wagon. The foreign manufacturer on the other hand can obtain the material in a couple of weeks. But with the object of placing themselves in a stronger position in this respect the Indian manufacturers are prepared to carry a stock of material sufficient for one to two hundred wagons of any class if the Government will give them an assurance that a continuity of orders for such will be forthcoming.

Delays in the Indian deliveries.

10. Although nothing is said in your letter as to the workmanship and material of the wagons supplied by the Indian manufacturers, it is known to the Committee that these are fully equal to the workmanship and material of the imported wagons. But you lay stress on the delays in the Indian deliveries: These delays the Committee do not seek to excuse. But they do feel that the Indian manufacturer has had many adverse circumstances to contend with. He is engaged in an industry which although it is large is not fully developed. He is, as I have already explained, at a disadvantage as regards his material ; and he has had to face a scarcity of trained labour. Referring to material it should be noted that the Government when placing orders in 1921, informed the manufacturers that the Tata Iron and Steel

Co., Ld., would supply all necessary plates. These instructions were cancelled two months later; and the manufacturers were told to obtain plates themselves. Foreign manufacturers of material were at that time full of work, and they were not paying much attention to export orders. Delays in supplies were consequently unavoidable; but it cannot be gainsaid that the Indian builders did their utmost to expedite deliveries. The failure of all iron in the test also caused serious delay. But here again the fault was not with the Indian builder. He had safeguarded himself by obtaining certificates of tests from the makers; but these certificates were rejected by the Superintendent of Local Manufactures. Labour during 1920, 1921 and 1922 was anything but satisfactory. It is only since October 1922 that the workmen have settled down to anything like the former output per man. This fact is clear from detailed figures extending over this period, and also by a comparison of deliveries of wagons and under-frames since September 1922.

11. It might be inferred from your letter that late deliveries are peculiar to Indian manufacturers. But it cannot be denied that great delays have also occurred in the delivery of Government orders by foreign manufacturers. And, as I have indicated in the last paragraph, the members of this Association are only too well aware of the delays which, as importers of foreign material, they had to suffer during 1920, 1921 and 1922. With reference to the specific cases quoted by you, the figures as available to the Committee do not appear to be so unsatisfactory as your letter suggests. For instance, as regards the two orders mentioned in item (2), it appears that five under-frames were delivered together with another 44 on other orders extending over this period. And in respect of the orders referred to in item (3) one firm alone has delivered 690 wagons in addition to sample wagons manufactured. Deliveries during the past eight months have undoubtedly improved; and one of the reasons for this improvement is that the labour is now becoming trained to the new operations following upon the adoption of the Indian Railway Conference Association standards. The changes in the design necessitated the making of complete sets of new tools, jigs, dies, etc.; and a reorganisation of all previous methods of manufacture. It will be obvious to the Government that a great loss of time must occur before radical changes such as these can be carried out in their entirety, and be made to give results.

Conclusion.

12. Finally, I am to urge that the question may be further considered by the Government of India. The very existence of an industry is at stake, and it may be accepted that if this industry as it exists to-day is destroyed, many years will elapse before it can be re-established. It is not the wish of this Association that the tax-payer should be made to suffer enormous losses in order to benefit the Indian wagon-builders. But in the present state of the industrial development of this country it is surely worth the while of the tax-payer to pay a little more for at least a portion of his requirements. And in this regard the Committee feel bound to say that they are by no means convinced that the difference between foreign and Indian prices is so great as your figures suggest. In fact it is reported that, of the foreign tenders received, the second lowest was in excess of the lowest to the extent of no less than £100,000. This fact shows that the Indian manufacturer is expected to compete against prices that are below the cost of production; and his inability so to compete is not a sufficient reason for refusing him further orders and so destroying the industry that he is endeavouring to build up.

Statement II.—Letter, dated September 11th, 1923, from the Indian Standard Wagon Co., to the Secretary, Tariff Board, replying to the Board's Questionnaire.

With reference to your No. 188 and the enclosed questionnaire, we beg to reply as follows:—

(1) As Manufacturers we are strongly against all protective duties on steel, and any increase in the present rates. Steel forms a large percentage of the materials in the Industry we are engaged in, and any increase in same will increase prices and retard consumption.

(2) All steel wagons for Broad Guage, Metre Gauge and Narrow Gauge Railways and their components. Although our Works are primarily equipped for wagon construction only we can undertake the manufacture of Underframes if required.

(3) The following five classes of steel are used in our manufactures :—

	Where usually purchased.
" B " Class Steel	United Kingdom.
" D " Class Steel	Do.
Cast Steel	India.
Spring Steel	United Kingdom.
Steel to B. S. S. No. 18 of Report No. 24 of 1921	Heavy plates, sections, angles and channels from India. Thin plates from United Kingdom.

Basing our figures on a full annual output we estimate that the following quantities of the five classes of steel would be utilized by us :—

	Tons.	Tons.
" B " Class Steel	1,726	
" D " Class Steel	516	
Cast Steel	704	
Spring Steel	1,218	
		4,164
Steel to B. S. S. No. 18 of Report No. 24 of 1921 . .		9,485
TOTAL . .		13,649

(4) The cost of steel in a wagon is 44·8 per cent. of its total value. In component parts steel averages 50 per cent. of the value.

(5) We understand that the total consumption of Railway Vehicles in India is 8,000 new vehicles per year, of which 5,000 vehicles per year are required to replace worn out stock and 3,000 for additions.

The actual proportion of the vehicles manufactured in India to those imported could only be obtained from Government sources.

(6) The actual outturn of our Works is tabulated below :—

	B. G. Wagons.	American Wagons.	Total.
1922-23	*Nil.*	786	786*
From April 1st, 1923, to date .	177	107	284*

* These totals include 893 wagons which we reconstructed, altering them from wooden Covered Goods Wagons to all steel Open Wagons.

We estimate our maximum output of all types of wagons at 2,000 wagons per year.

(7) The Railways of India are the only consumers of our products to date; we have not manufactured for export so far.

(8) No.

(9) The competition that has to be met by us in our Indian Market comes from the United Kingdom.

(10) Yes, we require protection for our manufactures, as at present we are absolutely unable to manufacture a wagon at the British figure. The present British price for a wagon is less than the cost of our material and labour alone. The present British price of one A1 type wagon is Rs. 3,494-5-0 complete in India.

The estimated cost of labour and material of one A1 type wagon to us is Rs. 3,635-2-0.

The estimated percentages of cost in one wagon are as follows:—

Steel	44·8 per cent.
Wrought Iron and other material	18·2 per cent.

If an increase of 23½ per cent. is made in the present Tariff making a total of 33½ per cent. on steel, the cost of a wagon would increase by Rs. 508 and we should therefore be in a worse position than at present as the difference at present between our cost of an A1 type wagon and the British price would be enhanced by this sum.

(11) If the present stipulations of the Government of India are to be kept to and that all material and labour must be as far as possible Indian in our products, we consider the Government of India should place orders for a definite number of wagons yearly in India at competitive Indian prices.

(12) The most serious competition we suffer is due to the extremely low prices quoted by Firms in England and we are of the opinion that at present the Indian market is being used as a dumping ground by these Firms.

Statement III.

A.—THAT HOME MANUFACTURERS ARE QUOTING PRICES BELOW THEIR REAL COSTS—

	Per cent.
(*a*) The F. O. B. cost of material in a wagon in 1923 compared with that of 1913 shows an increase in cost of approximately	66

Year.	Landed cost in India.	Less freight, duty and landing charges.		British F. O. B. price.	British F. O. B. price.	
	Rs.	Per cent.	Rs.	Rs.	£	
1923	3,109	20	622	2,487	165·8	
1913	1,766	15	265	1,501	100·0	
Increase	..	..	..	986	65·8	
						65 8

(*b*) The Home Manufacturers' wages, charges and profit in 1918 amounted to	£79
	£
In 1918 the British manufacturer quoted as price per wagon . . .	179
In 1913 their materials cost approximately	100
Therefore: difference being wages, charges and profit was	79
(*c*) The Home Manufacturers' wages, charges and profit in 1923 cannot be less than	£91
	£
Wages, charges and profit in 1918 were	79
Wages alone amounted to approximately	30
*Add: The 40 per cent. increase over pre-war wages	12
Therefore: 1923 wages, charges and profit are	91

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* NOTE.—The above per cent. increase over pre-war wages has been taken from the "Ministry of Labour Gazette" figures for the engineering trades, for March 1923. See "Labour Gazette," April 1923, page 121.

		Per wagon. £
(d) The Home Manufacturer has sacrificed not less than		83
	£	
The Home Manufacturers' price for a wagon in 1923 is	174·0	
Of this material cost (see para. a)	165·8	
Leaving for wages, charges and profit	8·2	
But: 1923 wages, charges and profit (see para. c) are	91·0	
Therefore: Net loss per wagon must be	82·8	

B.—THAT WAGONS CAN BE CHEAPLY PRODUCED IN INDIA AS IN BRITAIN—

BRITISH MANUFACTURED WAGON.

	£	Rs.
Materials	165·8	2,487
Wages, charges and profit (excluding the cost of erection in India)	91·0	1,365
TOTAL .	256·8	3,852
Freight @ 10 per cent. . .	25·68	385
TOTAL .	282·48	4,237
Customs duty @ 10 per cent. .	..	424
TOTAL .	..	4,661
Landing, etc., @ ½ per cent. .	..	23
TOTAL .	..	4,684
Cost of erection in India . .	..	450
COST OF FINISHED WAGON IN INDIA	...	5,134

INDIAN MANUFACTURED WAGON.

	Rs.	Rs.
Materials: including freight, duty, landing, etc. . .		3,109
Labour Charges Profit—		
Labour	527	
Charges	800	
Profit	250	
Including the cost of erection .	——	1·577
COST OF FINISHED WAGON IN INDIA	..	4,686

Summary of comparative costs.

	British.	Indian.
	Rs.	Rs.
Materials: including freight, duty, landing, etc. . .	3,319	3,109
Wages, Charges and Profit: including cost of erection . . .	1,815	1,577
COMPARATIVE TOTALS . .	5,134	4,686

	£	Rs.	Per wagon. Rs.
C.—THE AMOUNT OF PROTECTION DESIRED IS . . . . WHICH REPRESENTS MERELY AN ASSURANCE AGAINST "DUMPING."			1,500
Actual British Cost (see Section B)			5,134
British price—			
Quoted price F. O. B.	174	2,610	
Freight @ 10 per cent.		261	
TOTAL .		2,871	
Customs duty @ 10 per cent.		287	
TOTAL .		3,158	
Landing, etc., @ ½ per cent.		16	
Landed cost		3,174	
Cost of erection in India		450	
Actual British quoted price			3,624
Cost of "Dumping."			1,510

D.

Material.	Weight in one Wagon (750 type Covered Goods Wagons).	1913 Rate.	1913 Total.	1923 Rate.	1923 Total.
	Cwts. Qrs. Lbs.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
M. S. Angle	11 0 15	5 8 5	61 8 0	9 0 0	100 3 3
„ Bulb Angle	4 0 19	6 8 0	27 1 0	10 0 0	41 11 2
„ Channel	19 0 26	5 13 0	111 14 3	9 0 0	173 1 5
„ Plate 3/16"	14 2 27	7 5 6	109 13 9	10 13 0	159 6 3
„ „ 5/16"	1 1 26	7 5 6	10 11 11	9 8 0	14 1 3
„ „ 1/4"	0 0 5	6 12 3	0 4 9	9 11 0	0 6 11
„ „ 7/16"	6 0 7	7 14 4	47 5 7	13 1 0	79 3 1
„ „ 3/8"	6 1 16	7 8 1	47 8 2	11 15 0	75 14 9
Special Angles	1 1 10	6 8 0	8 13 0	10 0 0	13 6 3
Cast Iron	1 3 9½	3 8 0	6 8 6	6 8 0	11 15 3
Wrought Iron	1 1 27½	6 0 0 to 9 0 0	71 9 1	13 0 0	136 8 0
Best Yorkshire Iron	3 1 0	15 12 0	50 15 0	26 14 0	87 5 6
M. S. Flats, Rounds and Special Sections.	6 1 7½	5 4 0 to 7 14 4	43 1 0	9 0 0	56 14 3
M. S. Plate 1/4"	0 2 25	6 12 3	5 0 2	9 5 0	6 11 9
„ „ 3/8"	0 0 3½	6 0 0	0 3 3	9 8 0	0 5 0
Spring Steel	0 2 11	8 0 0	4 13 0	13 6 0	8 0 0
Corrugated Roof Sheets	5 2 20	11 6 0	64 11 2	16 12 4	95 3 9
Galvanised Rivets	0 0 10½	13 2 0	1 5 0	20 0 0	1 14 0
„ Washers	0 0 16	19 8 0	2 13 0	25 8 0	3 10 3
2 C. I. Wearing Blocks	0 0 4	..	1 8 0	..	2 12 0
4 Axleguards and Bridles	6 1 27	..	75 0 0	..	96 4 8
4 Iracier Axleboxes complete	3 3 4	..	159 0 0	..	335 5 5
Vacuum Brake	..	..	148 0 0	..	335 0 0
1 Drawbar Cradle	1 0 0	..	40 0 0	..	52 0 0
8 Axleguard Wearing Strips	1 0 0	..	7 0 0	..	13 1 0
4 Buffers	6 3 7	..	180 0 0	..	300 0 0
4 Laminated Bearing Springs	6 1 24	..	125 0 0	..	233 4 0
4 Safety Chain Springs	0 1 13	..	12 0 0	..	16 6 4
1 Drawbar Spring	0 1 16½	..	6 0 0	..	11 15 3
Door Details including Hinge Bands and Feet and Fasteners, etc.	2 1 3	..	80 0 0	..	99 0 5
8 C. S. Spring Shoes	1 2 8	..	45 0 0	.	78 10 7
8 Spring Shoe Brackets	0 1 20	..	11 4 0	..	13 4 0
2 Drawbar Face Plates C. S.	0 2 12	..	15 0 0	..	31 13 0
2 Screw Couplings	2 0 0	..	75 0 0	..	152 0 0

D—*contd.*

Material.	Weight in one Wagon (750 type Covered Goods Wagons).	1913 Rate.	1913 Total.	1923 Rate.	1923 Total.
	Cwts. Qrs. Lbs.	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*
8 C. S. Brake Block Hanger Brackets	0 1 21	..	12 12 0	..	24 4 5
Split Pins and Cotters . . .	0 0 8	..	4 0 0	..	4 12 0
Bolts and nuts	1 0 0	13 8 0	13 8 0	..	26 0 0
Rivets	4 0 0	10 8 0	42 0 0	..	72 0 0
Paint	..	..	38 0 0	..	150 0 0
TOTAL .	...	..	1,765 15 7	..	3,108 11 2

Material.	750 TYPE COVERED GOODS WAGON. YEAR 1913.		750 TYPE COVERED GOODS WAGONS. YEAR 1923.	Material.	A1 TYPE COVERED GOODS WAGON. YEAR 1923.	
	Quantity.	Price.	Price.		Quantity.	Price.
	Cwts. Qrs. Lbs.	*Rs. a. p.*	*Rs. a. p.*		Cwts. Qrs. Lbs.	*Rs. a. p.*
Mild Steel Plates, and Sections.	89 1 23¼	746 6 3	1,174 14 6	B Class Steel .	17 1 1	190 14 10
Steel Castings .	8 3 25	217 12 0	376 15 11	Steel Castings .	7 0 4	343 1 11
Wrought Iron .	19 1 1½	226 9 1	331 13 1	Wrought Iron .	12 1 26	175 14 5
Spring Steel .	9 0 11½	247 2 9	397 6 7	Spring Steel .	12 0 20	423 2 8
Other Material	4 0 0	328 1 6	827 9 1	Other Material	4 0 0	722 2 11
				D Class Steel .	5 0 18	65 8 6
				Steel to B. S. S. No. 18 Report 24 of 1921.	94 3 11	1,172 5 4
TOTAL .	130 3 5¼	1,765 15 7	3,108 11 2	TOTAL .	152 3 24	3,093 3 7

Statement IV.

AVERAGE MONTHLY FIGURES.

	Average No. of men employed.	Average Wages. Rs.
Indian—		
Workmen	1,850 (Including Contractors.)	51,500
Foremen and Assistant Foremen	3	690
Clerks	85	3,580
Anglo-Indians—		
Assistant Foremen and Foremen	10	1,990
Other Assistants	..	..
Europeans—		
Foremen	8	4,775
Other Assistants	7	5,300 (Management, etc.)

Men earning under Rs. 50	1,168
„ „ Rs. 50 to 100	80
„ „ Rs. 100 and over	2
Contractors' men	600
No. of Coolies and Khalasies	280

Statement V.—Copy of a letter, dated Calcutta, 24th May 1917, from Messrs. Burn & Co., Ltd., Managing Agents of the Indian Standard Wagon Co., to the Chairman, Railway Board, Simla.

As promised by Mr. Craven we have pleasure in sending herewith the information asked for concerning the fittings, etc., for wagons constructed by Burn & Co., Ltd.

Until recently every enquiry from the Railway Board for wagons has specified that the following fittings will be supplied by them :—

1. Draw gear and screw couplings.
2. Springs.
3. Axleboxes. Sometimes with brasses, sometimes without brasses.
4. Buffers.
5. Wheels and Axles.
6. Vacuum Gear.

Neglecting these for the moment it may be stated that all the remaining work on the wagon is done exactly the same by Burn & Co. as by the majority of the Home Manufacturers, *i.e.*, they obtain the raw materials from the same Manufacturers as the Home people do (in Burn & Co.'s case they have Messrs. Tata Iron and Steel Co. as a further source of supply), and then do all the Forging, Drop Stamping, Machining, Riveting, etc., necessary to turn this raw material into the finished wagon.

Dealing with the 6 items of fittings usually supplied by the Railway Board it should first be strongly pointed out that before the enquiries received this year, Burn & Co. were never even asked if they wished to supply these, and only after repeated representations on their part were they allowed to supply the Drawbar Hooks and Safety Chains.

Taking Item 1, Burn & Co. are in a position to supply all the Draw Gear required and at the present time are supplying most of the large Railways in India with screw couplings.

This item can therefore be supplied by them already.

Item 2.—Springs are not manufactured by the different Wagon Builders in England, they are made by specialists who supply to the different makers. In using imported springs therefore Burn & Co. are doing exactly as the Home Wagon Builder does.

Item 3.—These again are made by specialist firms and supplied to the different Wagon Builders.

Item 4.—Some Home Wagon Builders supply these themselves but the majority obtain them from buffer specialists and in any case do not make the buffer springs themselves.

Item 5. Wheels and Axles.—Only a few Home Wagon Builders make up their own wheels and axles, the majority obtaining them from wheel and axle making firms. Of those that do supply wheels and axles only one or two manufacture the Tyres and Axles themselves, all the others buying these as forgings from the Tyre and Axle Makers.

Item 6.—The Vacuum Brake work is a proprietary article and can only be obtained from the Makers or their Agents by any Wagon Builder, either Home or Indian.

From these remarks it will be seen that even under present arrangements the work done per wagon by Burn & Co. is at least as much as in the case of the Home Maker, and in most cases more, because Burn & Co. turn out the finished wagon in running order whereas the Home Maker only does the machining, etc., no roof or body riveting or erecting (except the sample wagon) being done by them.

Now that Burn & Co. are aware that the Railway Board wish them to do as much of this work in the country as possible they intend putting down—

A Cast Steel Foundry which will enable them to make Item 3.

A Spring Shop that will enable them to deal with Item 2 only, getting the steel bars from outside sources.

Machines, etc., for dealing with Buffers, *i.e.*, Item 4.

A Wheel and Axle building plant that will enable them to build wheels and axles, they only obtaining Tyres, Axles and Steel for the centres from outside sources.

These extensions are to a certain extent dependent on the result of the 10-year programme discussions and in any case their size is entirely dependent on the number of wagons that the Railway Board guarantee will be placed each year for manufacture in India.

As soon as Indian Raw Materials, such as Tyres, Axles, etc., are available Burn & Co. will be in a position to turn out complete wagons built entirely of Indian Materials.

Trusting that this is the information you require.

Statement VI.—Extracts from the "Financial Times," London.

LEEDS FORGE.

CAMMELL LAIRD OFFER STRONGLY RECOMMENDED.

In accordance with the official intimation published in the *Financial Times* of Saturday last, the Directors of the Leeds Forge Company have now issued to the shareholders a circular giving details of the offer made by Cammell Laird and Co. for an exchange of shares.

The Directors of Cammell Laird and Co. offer to allot fully-paid Ordinary shares of £1 each in exchange for fully-paid shares in the Leeds Forge Company of £1 each at the rate of: (*a*) One Cammell Laird Ordinary share for each two Leeds Forge Ordinary shares, and (*b*) one Cammell Laird Ordinary share for each Leeds Forge Seven per cent. Cumulative Preference share. The offer also provides for the payment of 10*s*. in cash for any odd Ordinary share of the Leeds Forge Company.

After a long and successful career, states the circular, the Leeds Forge Company, in common with other similar undertakings, owing to the depression in trade, has recently suffered heavy trading losses, and to keep the works employed is still compelled to accept contracts at prices which are quite unremunerative. To continue in this manner will entail the raising of considerable additional working capital, and the directors have found serious difficulty in this matter. In these circumstances the exchange of shares now proposed has been arranged after considerable inquiry and negotiation; the Directors are of opinion that the basis is fair and reasonable, and that the scheme provides a satisfactory solution of the difficult position in which the company finds itself. Along with their friends the Directors hold about two-thirds of the Ordinary shares of the company and nearly one-half of the Preference shares; they have agreed to exchange their shares on the terms of the offer and they strongly recommend their fellow shareholders likewise to exchange their shares.

Lloyds Bank Ltd. have been consulted as trustees for the holders of the Eight per cent. Convertible Debenture stock and are also satisfied that the offer should be accepted: it contains an undertaking by Cammell Laird and Co. to repay or convert the Eight per cent. Convertible Debenture stock not later than December, 1924. The offer is conditional upon the assent of holders of 76 per cent. of the Ordinary shares being promptly obtained.

CAMMELL LAIRD AND LEEDS FORGE.

FUSION OFFER.

An official intimation is made that a circular is about to be issued by the Directors to the shareholders in the Leeds Forge Company recommending the acceptance of an offer which has been made by Cammell Laird and Co. to exchange one £1 Ordinary share of Cammell Laird for every two £1 Ordinary in the Leeds Forge and one Ordinary of Cammell Laird for one £1 Seven per cent. Cumulative Preference of the Leeds Forge.

** Both Cammell Laird and the Leeds Forge are well-known companies and both are engaged in the manufacture of steel, but Cammell Laird are also shipbuilders and carriage and wagon-builders, and own over 99 per cent. of the Ordinary shares of the Midland Railway Carriage and Wagon Company. Cammell Laird's issued share capital amounts to £4,018,400, besides over £2,000,000 sterling of Debenture stocks and Five year notes. The reserve account is £700,000, and at the date of the last balance-sheet, when the 5 per cent. dividend of the preceding year was repeated, investments were valued at £2,066,511. The net profit of the year 1922 was £145,906, as against £170,487 the year before.

Leeds Forge Company has felt the full effect of the trade depression, and last year was unable to pay the dividend on the Preference or Ordinary owing to a loss of £17,100. The authorised share capital is £1,300,000 and £750,000 has been issued and paid up, and there are Debentures aggregating £516,500 outstanding.

CAMMELL LAIRD EXPANSION.

The acquisition of the undertaking of the Leeds Forge Company will considerably strengthen Cammell Laird and Co. and greatly increase its status as a producer of rolling stock. Though one of our best-known engineering concerns, it has never developed a very progressive amalgamation policy, and its last acquisition was the Midland Railway-Carriage and Wagon Company in 1919. The purchase of the Leeds Forge is therefore a further expansion in the same direction, since that concern not only specialises itself in the manufacture of steel wagons and under-carriages, but also controls the Newlay Wheel Company and the Bristol Wagon and Carriage Works Company.

The Leeds Forge has, on the whole, an excellent record, though latterly it has been affected by the trade depression and has paid no Ordinary dividend since 1920, while last year the Preference dividend also had to be passed. Cammell Laird offers one Ordinary £1 share for every two Ordinary £1 shares in the Leeds Forge and one Ordinary share for each Seven per cent. Cumulative Preference £1 share in the Leeds Forge. The terms do not seem over-liberal to the Leeds Forge Preference shareholders, but their position has lately been weakened by the placing of £400,000 Eight per cent. Debenture stock in 1921. If the deal goes through it will mean the issue by Cammell Laird of £450,000 additional Ordinary shares. This will necessitate an increase in the authorised capital, as the unissued Ordinary shares available only total £256,800.

No. 22.

Messrs. Burn & Co., Ltd., Calcutta.

Written.

Statement 1.—Letter, dated September 11, 1923, from Messrs. Burn & Co., Ltd., to the Secretary, Tariff Board, forwarding replies to the Board's questionnaire.

With reference to your Circular No. 168 and the enclosed questionnaire we beg to reply as follows:—

(1) As Manufacturers, we are strongly against all protective import duties on steel. Steel forms a large percentage of the materials in the industries in which we are engaged, and any increase in the protective duty on the same would increase prices, and in our opinion seriously restrict consumption, which would be greatly detrimental to our business.

The consumption of steel in our Howrah Works is approximately 20,000 tons per annum.

We enclose herewith separate statements replying in detail to your questions Nos. 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, for each of our main manufacturing departments, *viz.*, Shipyard, General Engineering, Engine Shop, Structural and Bridge Shops, and Wagon and Carriage Building.

We also do a large merchant's business in steel.

We will be very pleased to give you any further particulars you may require and give verbal evidence if you desire it.

CARRIAGE AND WAGON DEPARTMENT.

(2) All Steel Carriage Underframes, Bogies and Wagons foi Broad Gauge, Metre Gauge and Narrow Gauge Railways and their components.

(3) The following six classes of steel are used in our manufactures :—

	Where usually purchased.
"B" Class Steel	United Kingdom.
"C" Class Steel	United Kingdom.
"D" Class Steel	United Kingdom.
Cast Steel	India.
Spring Steel	United Kingdom.
Steel to B. S. S. No. 18 Report No. 24 of 1921	Heavy plates, sections, angles and channels from India. Thin plates from United Kingdom.

Basing our figures on a full output we estimate that the following quantities of the six classes of steel would be utilized by us:—

	Tons.
"B" Class Steel	1,110
"C" Class Steel	14
"D" Class Steel	278
Cast Steel	502
Spring Steel	667
Steel to B. S. S. No. 18 Report No. 24 of 1921	6,168
Components	850
Total	9,589

(4) The cost of steel in a wagon is 44·8 per cent. of its total value and the cost of steel in an Underframe with Bogies is 45·2 per cent. of its total value. In component parts steel averages 50 per cent. of the value.

(5) We understand that the total consumption of Railway Vehicles in India is 8,000 new vehicles per year, of which 5,000 vehicles per year are required to replace worn-out stock and 3,000 for additions.

The proportion of the vehicles manufactured in India to those imported could only be obtained from Government sources.

(6) The actual outturn of our Wagon Department for the last five years is tabulated below:—

	B. G. wagons.	M. G. wagons.	Narrow Gauge wagons.	B. G. Carr. Underframe sets.	M. G. Carr. Underframe sets.	Narrow Gauge Underframe sets.	American wagons.	TOTAL.
1918-19 . . .	500	1	...	52	...	...	...	553
1919-20 . . .	1,110	...	41	...	20	...	140	1,311*
1920-21 . . .	700	32	36	4	9	8	999	1,788*†
1921-22 . . .	390	3	6	10	2	12	1,588	2,011†
1922-23 . . .	488	6	2	60	30	...	710	1,296†

We estimate our maximum output of all types of underframes and wagons at 120 Underframes and 820 Wagons per year but if an order was placed with us for one type of underframe or wagon this output would be considerably increased.

(7) The Railways in India are the only consumers of our products to date; we have not manufactured for export so far.

(8) No.

(9) The competition that has to be met by us in our Indian market comes from the United Kingdom.

We have quoted for wagons in both Siam and South Africa, but the work was obtained by the United Kingdom.

(10) Yes, we require protection for our manufactures, as at present we are absolutely unable to manufacture a wagon at the home figure. The present British price for a wagon is the cost of our material and labour alone.

The present British price of one A-1 Type wagon is Rs. 3,494-5 complete in India.

The estimated cost of labour and material of one A-1 Type wagon to us is Rs. 3,635-2.

The estimated percentages of cost in one wagon are as follows:—

	Per cent.
Steel	44·8
Wrought iron and other material	18·2

If an increase of 28⅓ per cent. in tariff, making a total of 33⅓ per cent., on steel is given, the cost of a wagon would increase by Rs. 502 and we should therefore be in a worse position than at present as the difference at present between our cost of an A-1 Type wagon and the British price would be enhanced by this sum.

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* 900 wagons are included in these totals which we erected.

† 2,298 wagons are included in these totals which we reconstructed, altering them from wooden covered Goods Wagons to all steel Open Wagons.

(11) If the present stipulations of the Government of India are kept to, and that all material and labour must be as far as possible Indian in our products, we consider the Government of India should place orders for a definite number of wagons yearly in India at competitive Indian prices.

(12) The most serious competition we suffer is due to the extremely low prices quoted by firms in England and we are of the opinion that at present the Indian market is being used as a dumping ground by these firms.

ENGINE SHOP DEPARTMENT AND GENERAL ENGINEERING.

(2) Railway, Irrigation and General Engineering Material.

(3) Rails, Beams, Flats, Angles, Rounds and Squares and Billets Totally 2,500 tons.

(4) Variable.

(5) We have no details.

(6) Plant capable of using about 3,500 tons steelwork per annum.

The following is the total output for the last five years :—

1922-23.	1921-22.	1920-21.	1919-20.	1918-19.
Tons.	Tons.	Tons.	Tons.	Tons.
2,498	2,942	1,626	2,620	2,002

(7) Railways, Port Trusts and Government Irrigation Departments, Local Firms and Mills.

(8) No.

(9) Severe competition from the United Kingdom.

(10) We consider that the present customs duty on machinery is too low when compared with that on steel, and that if both were at the same figure it would help the manufacture of machinery in India, and no further protection would be required. If the duty on steel is raised to 33⅓ we would ask that the duties on machinery and general engineering plant be raised by an equivalent amount.

(11) We consider that Government should place sufficient work of this class in the country at competitive Indian prices, if this was done no further help would be required.

(12) No.

SHIPYARD DEPARTMENT.

(2) Steel Cargo, Towing and Passenger Steamers.
Steel Steam Launches.
Steel Jute Flats.
Steel Cargo Barges.

(3) Steel made on the Open Hearth Process to pass Lloyds and British Standard Specification :—

	Tons.
Steel Plates	1,450
Galvd. Steel Plates and Sheets	140
Steel Angles, Tees, Channels, etc.	900
Steel Rivets	125
	2,615

(4)

Steel Cargo, Towing and Passenger Steamers	21 per cent to 25 per cent.
Steel Steam Launches	18 per cent. to 25 per cent.
Jute Flats	35 per cent. to 40 per cent.
Cargo Boats	30 per cent. to 35 per cent.

The extra duty required on the above if the present duty on steel is increased from 10 per cent. to 33⅓ per cent. will be as follows:—

Steel Cargo, Towing and Passenger Steamers .	6 per cent. to 7 per cent.
Steel Steam Launches	5 per cent. to 7 per cent.
Steel Jute Flats	10 per cent. to 11 per cent.
Steel Cargo Barges	9 per cent. to 10 per cent.

The above examples are taken from actual figures of boats built by us but we must point out that great variations are possible in the proportion of the cost of steel to the finished product owing to differences in the specification.

(5) We have no details.

(6)

1918.	1919.	1920.	1921.	1922.
9 Steam Vessels.	2 Steam Vessels.	7 Steam Vessels.	5 Steam Vessels.	8 Steam Vessels.
33 Flats and Barges.	32 Flats and Barges.	18 Flats and Barges.	17 Flats and Barges.	20 Flats and Barges.

(7) Local Firms, Indian Railways and Government Departments. For the transport of cargo to and from Steamers, Jetties and Mills on the River and Launches for inspection and general work.

(8) No.

(9) We experience competition from the United Kingdom.

(10) We do not require protection if the duties of steel remain unaltered, but if the rate of duty were to be increased to 33⅓ per cent. then we would require a similar duty to be put on any of the products or parts of these as given in para. 2 above that might be imported into India.

(11) Provided duties on steel remain unaltered, and the procedure laid down in the report of the Stores Purchase Committee, pages 66—71, in connection with Shipbuilding is carried out by the Indian Government, no further help should be needed.

(12) No.

STRUCTURAL SHOPS.

(2) Our works handle most classes of structural work; but normally the output consists principally of:—

(a) Railway bridges up to 150 ft. span.
(b) Highway bridges up to 250 ft. span.
(c) Mill buildings, Workshops, Steel frame buildings.
(d) Light Sheds and Roofing.
(e) Water and Oil tanks and Chimneys.

(3) Our annual requirements amount to about 7,000 tons of A class steel; and of this, at a rough estimate, one-third consists of plates, and two-thirds of sections. This proportion varies with the class of work being done; and if very few railway spans are being manufactured, the proportion of plates is much smaller, and might be one-fifth or less.

(4) The ratio of the cost of steel to the cost of the finished product varies for different classes of structural work; but the following are representative of the chief branches :—

	Per cent.
(*a*) Plate girder spans	65
(*b*) Truss spans	60
(*c*) Steel frame buildings	76
(*d*) Workshop buildings	64
(*e*) Tanks and Chimneys	69

(5) We have no details.

(6) The following is the total output for the last five years :—

1918-19.	1919-20.	1920-21.	1921-22.	1922-23.
Tons.	Tons.	Tons.	Tons.	Tons.
3,301	5,705	6,746	6,414	6,548

(7) Our principal customers are the State Railway Departments, Public Works Departments and District Boards. The Commissioners for the large Ports and the Company-managed Railways are also large purchasers; and the balance of our output goes to mills and other factories. We export no structural work.

(8) No.

(9) Except in the case of very small contracts we are subject to severe competition, principally from the United Kingdom.

(10) Yes, we require protection for these manufactures.

(1) Assuming that duty remains fixed at 10 per cent. on both steel and girderwork :—

	Rs.
Our price for Bridgework	336
Home price	286
Difference per ton	50
Our price for plate girders	312
Home price	279
Difference per ton	33

(2) Assuming that duty on steel rises to 33 per cent. and duty on girderwork remains at 10 per cent :—

	Rs.
Our price for Bridgework	385
Home price	286
Difference per ton	99
Our price for plate girders	358
Home price	279
Difference per ton	79

(11) In view of the present stipulations of the Government of India, that all material and labour must be as far as possible Indian in our products, we consider the Government of India should place orders for a definite tonnage of Structural and Bridgework in India at competitive Indian prices.

(12) We are of the opinion that up to the present there has been very little dumping in this class of our business but prices in all instances are closely cut and keen competition is experienced in getting orders.

Statement II.—(A) Structural and Girder Shops.

To elucidate points raised during the giving of oral evidence we add the following notes to written evidence already submitted:—

Extent to which Tata and Company can supply our requirements of raw material.

The percentage of material used in our ordinary bridge and structural work which Tata could make when going full, depends on their intentions regarding the making of new rolls. There seems no reason why they should not give us in time all sections we require; but we imagine that it may be some years before we can get the large joist sections which probably constitute 5 per cent. of our output. There are also some odd angle sections occasionally called for, which probably will not be rolled in India for some while to come; but these do not occur frequently and are not essential.

Trough plates—say 2 to 3 per cent. of our output—are not pressed in this country.

(B) *Further details regarding question (10) of the questionnaire.*

(*a*) *Bridgework—*

	(With duty on steel at 10 per cent.) Rs.
Price of steel landed in our yard	200
Labour charges and profit	136
	336

(*b*) *Plate Girders—*

Price of steel landed in our yard	200
Labour charges and profit	112
	312

(*a*) *Bridgework—*

	(With duty at 33⅓ per cent.)
Price of steel landed in our yard	241
Labour charges and profit	144
	385

(*b*) *Plate Girders—*

Price of steel landed in our yard	241
Labour charges and profit	117
	358

(C) *Further details regarding question (4) of the questionnaire.*

Taking the percentages already given in reply to question (4) we tabulate the effect of an increased duty on steel as follows:—

	Duty 10 per cent.	Duty 33⅓ per cent.
(*a*) Raw material	65	78·8
Other charges	35	35
	100	113·8
(*b*) Raw material	60	72·7
Other charges	40	40
	100	112·7
(*c*) Raw material	76	92·2
Other charges	24	24
	100	116·2
(*d*) Raw material	64	77·5
Other charges	36	36
	100	113·5
(*e*) Raw material	69	83·6
Other charges	31	31
	100	114·6

If the duty on steel is raised from 10 per cent. to 33⅓ per cent. the following are the increases of cost of the various finished products expressed as percentages of our present costs:—

(*a*) 14 per cent.
(*b*) 13 per cent.
(*c*) 16 per cent.
(*d*) 14 per cent.
(*e*) 15 per cent.

We have no figures in general for prices of finished British goods c.i.f. Calcutta, and the only way of arriving at approximate figures for them is to take our cost prices less 10 per cent. We may on this assumption say that if the duty on steel is raised from 10 per cent. to 33⅓ per cent., the following increases of duty on finished products will leave us in our present position:—

(*a*) 15 per cent.
(*b*) 14 per cent.
(*c*) 18 per cent.
(*d*) 15 per cent.
(*e*) 16 per cent.

It will be noted that in the above calculations "other charges" are regarded as remaining fixed per ton of product, irrespective of the cost of a ton of raw material. This is true to only a limited extent; and in question (10) we have allowed for a slight increase in "other charges" when the cost of raw material is increased. It is, of course, impossible for us to predict with accuracy the extent to which overhead charges of different sorts would be affected by an increased duty on raw material.

(D) *Number of men employed.*

	Men employed.	Wages paid.	
Indians—		Rs.	
Workmen	3,605	82,041	Including coolies and khalasies.
Contractors	133	44,538	
Contractors' employees	1,557		
Menials	167	2,755	
Foremen & Asstt. Foremen	12	2,330	
Clerks	411	22,169	Including draughtsmen.
Anglo-Indians—			
Foremen & Asstt. Foremen	18	8,365	
Other Assistants	50	11,364	Including drawing, stores, etc.
Europeans—			
Foremen	27	17,668	
Other Assistants	26	22,440	Including management, drawing, stores.
Chinamen—			
Welders	7	750	

Earnings of Indians—

	Men employed.
Men earning up to Rs. 50	3,935
Men earning Rs. 50 to Rs. 100	212
Men earning Rs. 100 to Rs. 150	29
Men earning Rs. 150 to Rs. 250	15
Men earning Rs. 250 to Rs. 350	8
Men earning Rs. 600 to Rs. 700	1

(E) *Comparison of Labour Rates.*

		1914-15.		1923.		Per cent. Increase.
Workmen—		Rs.	A.	Rs.	A.	
Blacksmiths		23	0	36	0	56.5
Strikers		12	0	19	0	58.3
Fitters (Engine)		26	0	32	0	23.0
Fitters (Wagon), 1st		26	0	42	4	62.5
Fitters (Wagon), 2nd		19	8	35	12	83.3
Turners		26	0	32	0	23.0
Moulders		25	0	33	0	32.0
Pattern Makers		26	0	37	0	42.3
Coolies		9	0	15	0	66.6
Vicemen		27	0	35	0	29.6
Rivetters (Wagon), 1st	Gang of 6 men per day.	4	10	7	0	51·3
Rivetters (Wagon), 2nd		4	0	6	8	62.5
European and Anglo-Indian—						
Draughtsmen (In-charge)		546	0	825	0	51.0
Draughtsmen (Assistant)		252	0	375	0	48.8
Foremen and Assistant Foremen		314	0	562	0	78.9
Clerks		111	0	206	0	85.6
Indian—						
Draughtsmen		41	0	68	0	65.8
Assistant Foremen		89	0	187	0	110.1
Clerks		33	0	48	0	45.4

(F) *Output for 1922-23.*

	Tons.
Total output of forging, stampings and press work	7,000
Iron used in above	2,050
Steel castings	350

(G) *Cost of axle-boxes (imported).*

	Rs.	A.
Cost of one axle-box and lid completely machined	28	12

(H) *Winding engine.*

	Rs.	A.
Present cost price of engine	5,444	8
Cost of steel material including 10 per cent. duty as at present charged	736	10
Cost of steel material including 33⅓ per cent. duty and our increased charges resulting therefrom	892	13
The extra cost of steel material due to this increased duty is therefore	156	3
This is equivalent to an increase in cost of manufacture of	3%	

(J) *Classification of Output, 1921-22.*

Approximate tonnages of different classes of work are as follows:—

	Tons.
(*a*) Plate girder spans	700
(*b*) Truss spans	600
(*c*) Steel frame buildings	2,700
(*d*) Workshop buildings	1,900
(*e*) Tanks and chimneys	500
	6,400

Of the above work about 1,900 tons was supplied to the Railways and the Government.

N.B.—In considering the above statistics it should be remembered that they are merely for a specific year, and owing to the varied classes of work undertaken, the figures given are not necessarily representative of any other period.

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(K)

Item No.	Particulars.	Pre-war Price.	To-day's Price.	Increase over Pre-war Price.	
				Amount.	Per cent.
1	Wagons	Rs. 2,750	Rs. 3,624	Rs. 874	31·78
2	Carriage underframes	Rs. 6,833	Rs. 10,944	Rs. 4,111	60·16
3	One pair wheels and axles	£19	£38-7-6	£19-7-6	101·97
4	Underframe and body less fittings	£107	£116	£9	8·41
5	Fittings for wagon	£24	£58	£34	141·67
6	Steam coal per ton	Rs. 5-12	Rs. 11-8	Rs. 5-12	100·
7	Smithy coal per ton	Rs. 7-3-6	Rs. 25-1-6	Rs. 17-14	247·62
8	Pig iron per ton	Rs. 54	Rs. 90	Rs. 36	66·67
9	Hard coke per ton	Rs. 14	Rs. 26	Rs. 12	85·71
10	Landing, clearing and boating charges per ton	Rs. 1-12	Rs. 5-8	Rs. 3-12	214·29
11	Freight rates (Indian Railways)	...	...	...	33·33

Statement III.

(1) The items to be supplied by Tatas were as follows:—

1. M. S. Channels.
2. M. S. Angles.
3. M. S. Flats.
4. M. S. Rounds.

(2) *The names of British* manufacturers who build wagons complete including wheels and axles are as follows:—

Birmingham Railway Carriage and Wagon Co., Ld.
Cravens Railway Carriage and Wagon Co., Ld.
P. & W. Maclellan, Ltd.
Metropolitan Carriage, Wagon and Finance Co., Ld.
Midland Railway Carriage and Wagon Co., Ld.
Hurst, Nelson & Co., Ld.
Cammel Laird & Co., Ld.
Stableford & Co., Ld.

(The above firms have either large interests in or definite working arrangements with the Companies supplying them with raw material, wheels and axles, etc.)

(3) The fittings included are as follows:—

1. Axle-boxes complete with bearings.
2. Laminated bearing springs.
3. Helical springs.
4. Vacuum brake gear and handbrake rigging.

(4) Taking the same instance as before, *i.e.*, plate girders.

	Rs.	A.	
Price of raw material c.i.f. Calcutta . . .	176	0	
Duty at 10 per cent.	17	8	about
Price of plate girders c.i.f. Calcutta . . .	253	0	
Duty at 10 per cent.	25	8	about

Therefore the present arrangement of 10 per cent. import duty on raw or finished material gives us an advantage of Rs. 8 per ton

If the duty on the raw material were Rs. 50, we should need a duty of Rs. 58 on the finished work to leave us in our present position.

(5)

	Rs.
Plates, 801 cwt. at Rs. 9-8	7,610
Angles, 606 cwt. at Rs. 9	5,454
Flats, 75 cwt. at Rs. 9	675
Channels, 2 cwt. at Rs. 9	18
Troughing, 253 cwt. at Rs. 12-12	3,226
Rivets, 94 cwt. at Rs. 14-8	1,363
Pipe Handrails, 4 cwt. at Rs. 22	88
TOTAL 1,835 cwt. .	18,434

i.e., approximately Rs. 200 per ton.
Reduction of f.o.b. U. K. price to landed our yard.

£9 6 6	f.o.b. U. K.
£1 5 0	freight, ins. and commission.
£10 11 6	

=Rs. 158-10.
Rs. 15-14 duty.
Rs. 5-8 landing.

Rs. 180.
Rs. 9 per cwt.

(6) Attendance of Workmen.

September 1923.

	Possible Attendances.	Absentees.	Per cent. Absentees.
Mondays (3 only) . .	10,962	3,005	27.4
Saturdays . . .	14,616	2,122	14.5
Average per week less Mondays and Saturdays .	68,464	9,498	16.2

The above figures are taken from records for four complete weeks during September 1923. Only three Mondays are included as one was the "Biswakarma Pujah."

Oral evidence of Mr. A. COCHRAN representing the Indian Standard Wagon Co., Limited, recorded at Calcutta on the 14th September 1923.

President.—You are a member of the firm of Messrs. Burn and Co. and also a Director of the Standard Wagon Co.

Mr. Cochran.—The Standard Wagon Co. have two *ex-officio* Directors appointed by Messrs. Burn and Co.

President.—Messrs. Burn & Co. are the managing agents of the Standard Wagon Co.

Mr. Cochran.—Yes.

President.—Have Messrs. Burn & Co. been manufacturing wagons for a number of years?

Mr. Cochran.—Not Burn & Co., but Messrs. Burn & Co., Ltd. Messrs. Burn & Co. are simply a firm but Messrs. Burn & Co., Ltd., have been manufacturing wagons on a fairly large scale since 1902.

President.—As regards the wagon question, is the position of the Messrs. Burn & Co., Ltd., similar to that of the Standard Wagon Co.?

Mr. Cochran.—It is very similar with the exception that Burn & Co., Ltd., conduct other business as well. The wagon part of their business is only a portion of their business whereas the Standard Wagon Co. are manufacturing wagons and nothing else.

President.—At any rate so far as information is concerned I take it that any information which Messrs. Burn & Co., Ltd., have about wagons, the Standard Wagon Co. also have?

Mr. Cochran.—There is no difference as regards information.

President.—So far as questions merely asking for information are concerned, the answer for the one would be the answer for the other.

Mr. Cochran.—Yes.

President.—When Burn & Co., Ltd., started about the year 1900 to assemble wagons in this country, I take it that practically everything was imported with some minor exceptions?

Mr. Cochran.—It was before my time; but I think we probably began by erecting on materials supplied by the Railways. Then we probably gradually began to manufacture the easy parts, doing them in our own works, and from that we gradually progressed to the stage we are in now.

President.—Had much progress been made up to 1914 in that direction, that is to say, towards manufacture as distinguished from erection?

Mr. Cochran.—We have always been trying to make progress, but we never got the Government to see eye to eye with us. Then the war brought about the circumstances that hastened the advance because it cut off the home supplies. For instance, I will give you some idea of the pre-war conditions. The Railway Companies supplied us the wheels, axles and the bearing springs, the axle boxes and the buffers and screw couplings and all draw bars whereas now we make all the draw bars, we make the screw couplings and we make several types of buffers. Axle boxes we can manufacture from cast iron, but when they are specifically wanted to be made of cast steel we have to buy them.

President.—Were you constructing the wagon frames before the war?

Mr. Cochran.—A great proportion of that, but so far as plate work was concerned we did all plate work.

President.—Before the war did you find yourself in a position to compete with the British manufacturers as regards price?

Mr. Cochran.—We were just able to. That was generally a case of discussion between us and the Government that we should take it on at the home price, and undoubtedly we were at that time able to take the home price and we did not ask for anything more.

President.—Could you tell us roughly what would be the average figure for the cost of a typical wagon before the war?

Mr. Cochran.—I can give you an actual case, that is to say, of a wagon that compares very nearly with one of the Standard wagons now. The English price of that wagon before the war was £179 f.o.b in 1913.

President.—That does not include wheels?

Mr. Cochran.—No. There was separate quotation for wheels and axles. We supply private companies with wheels and axles complete. Government always make their own arrangements for wheels and axles.

President.—Do you happen to remember what the duty was before the war on imported materials?

Mr. Cochran.—2½ per cent. We can look that up. I have not got the actual figures.

President.—What addition to that price at pre-war times was required to cover freight and so on?

Mr. Cochran.—Rs. 180 is the figure I have here.

President.—Would that include all the intermediate charges?

Mr. Cochran.—I do not know. But the complete price of a wagon was Rs. 3,750 finished.

President.—Did you actually receive that price?

Mr. Cochran.—That is what the Railway companies said the wagons cost them with wheels and axles. They said to us that, taking off wheels and axles, they could give us Rs. 2,750 per wagon.

President.—Did you actually do business with Government on approximately these terms?

Mr. Cochran.—We accepted these terms, but we did not make much profit. The finishing of that contract was rather upset by war conditions which were not covered against in any way. But we were quite satisfied when we took the order that we could give the wagons on the English figure and make a profit on it; of course not as much profit as we might expect.

President.—During the war, in 1916 I understand, the Government of India took up the question how the post-war demand for wagons was to be met?

Mr. Cochran.—There was a very important meeting held in Simla in 1916. The Railway Board asked the Engineering Association to send up representatives to discuss what was going to be done by the Indian Railways as all supplies had been practically cut off to them and the position was getting serious. I went up and we had a meeting in Simla. That was really the beginning, and the next definite information about wagons came much later in a letter which the Railway Board addressed to the Engineering Association, asking what they thought should be done to ensure railway supplies in the coming ten years.

President.—But it is included in the documents you have marked confidential. Is there anything confidential about this letter?

Mr. Cochran.—So far as we are concerned there is nothing confidential about it.

President.—You have no objection, so far as you are concerned, to the publication of the correspondence you have forwarded.

Mr. Cochran.—None as long as Government have no objection. These letters have been published in the yearly minutes of the Indian Engineering Association.

President.—There cannot be anything confidential in that case.

Mr. Cochran.—About 37 firms form the Indian Engineering Association. The Government of India recently informed us that they proposed to publish the whole thing very shortly. They have not yet published it, but they have given us permission to publish it.

President.—At any rate it seems to me perfectly obvious from the point of view of the Government of India that there can be nothing confidential as regards this letter and the important portion is in para. 3 which runs as follows: "It is recognised that in order to foster this industry some form of encouragement may be necessary such for instance as a guarantee that a percentage of the total orders each year will be placed in the country." This is quoted in subsequent correspondence. There cannot be any possible objection to publishing it.

Mr. Cochran.—The actual pronouncement was 18 months after that. When that meeting took place the actual question under consideration was where India would get her supplies of wagons for the next ten years. The idea was that England was too busy to meet her own demand and that there was no time to attend to India.

President.—I take it that what the firms were anxious about was a guarantee of some kind that the business would not be unprofitable?

Mr. Cochran.—This report gives all the information you want. It has been published and departments of the Government of India have been given copies. It is a note regarding the local purchase of stores for public services in India prepared by the Indian Engineering Association. One of our greatest complaints before the war was the smallness of the orders regarding wagons and the diversity of types. We got fifty at one time, a hundred at another. We really never got large orders of any particular type till the war time.

Mr. Mather.—You got orders for 750 wagons just before the war. That did not cover many types.

Mr. Cochran.—That was probably much the best order. Before that it was never more than 450.

President.—What was your capacity before the war?

Mr. Cochran.—It is very hard to say, because we did not make so much of the wagon in our works as we do now. By importing certain parts we were able to have a bigger outturn than we could do in our own works. I should take the average at 50 a month, and I think I have given this in one of the statements.

President.—Have you any objection to the publication of that statement?*

Mr. Cochran.—No.

President.—Eventually the Government of India announced that they would guarantee to purchase in India 2,500 broad gauge, 500 metre or narrow gauge wagons annually for ten years provided that the price was not higher than the price at which wagons could be imported, and subject to conditions which would ensure that the materials and the workmanship were satisfactory. That is the policy on which they are still working.

Mr. Cochran.—Yes. But they said something at the end.

President.—This is the sentence your mean: "While at the present time they could not with safety go further, they believe that the guarantee now given will be sufficient for the purpose they have in view."

Mr. Cochran.—At that time we had the war conditions in our favour and everything looked as if these would continue for at least ten years.

President.—What is the date of the announcement of the Government of India?

Mr. Cochran.—1st March 1918.

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* Appended to Enclosure 5 of Statement I.

President.—When did the arrangements for the formation of the Indian Standard Wagon Co. begin to be made? Was it before this communiqué or after?

Mr. Cochran.—Before. We had been considering the matter ever since the meeting at Simla in 1916.

President.—When was the company actually registered and formed?

Mr. Cochran.—In November or December 1918.

President.—How long was it before you were actually able to begin work at the factory?

Mr. Cochran.—We began work on re-erection and the re-construction of wagons in January 1922.

President.—Can you give us any figures of the work actually done in the Wagon Co.'s works at Burnpur?

Mr. Cochran.—I think I have given the figures in an answer to the questionnaire.

President.—May I take it that it covers all the work done since the start?

Mr. Cochran.—Yes. That includes everything done there since we started.

President.—What is the capitalisation of the company?

Mr. Cochran.—The total capital subscribed was Rs. 60 lakhs, 40 lakhs of ordinary shares and 20 lakhs preference shares.

President.—Is that roughly what the fixed capital expenditure amounts to?

Mr. Cochran.—The fixed capital expenditure up to last March was Rs. 82 lakhs of which we have written off Rs. 5 lakhs for depreciation. (Hands over balance sheet.)*

President.—You had to borrow money otherwise to finish the works?

Mr. Cochran.—Yes. There was great delay in getting delivery of machinery from England and I suppose it was at least a year later than we expected when we were able to start the works.

President.—Were you affected in any way as regards the cost of your works by the great changes that took place in 1920—I mean the fall in exchange and the very high prices that prevailed up to 1920?

Mr. Cochran.—We were of course affected by the high prices we had to pay for our machinery. Still we had an advantage owing to the high exchange.

President.—You did not actually lose owing to fall in exchange, I mean on the construction of the works?

Mr. Cochran.—It is very hard to say that. We were helped by the rate of exchange at which we bought material.

President.—In your case the high prices were to a certain extent counterbalanced by the high exchange?

Mr. Cochran.—Yes. During the period of the delay, the men were there but they were not able to do any work although we had to pay them. Then we had a very bad labour trouble in the Asansol district in 1920 and 1921. Then there was the East Indian Railway strike which contributed to the delay in the construction of the works. That was a great set-back.

President.—Which strike do you refer to—the 1922 strike?

Mr. Cochran.—No, to the big strike in 1921. There were several minor strikes in 1922. Conditions were really disturbed during the whole time we were constructing the works. Actually we did not start any work during the whole of 1919. I do not think any machinery came out till the beginning of 1920.

President.—Can you tell the Board what you regard (apart for the moment from the question of the very low tenders you received from the British manufacturers last year) as the main difficulties that you meet with so far as the policy of the Government of India in connection with wagons is concerned? I mean apart from the question of relative prices.

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* Not printed.

Mr. Cochran.—You mean pre-war?

President.—Some of the difficulties may have existed before the war.

Mr. Cochran.—The price difficulty was the real one.

President.—Are you satisfied with the methods by which tenders of Indian manufacturers are compared with those of English manufacturers?

Mr. Cochran.—No.

President.—Can you explain?

Mr. Cochran.—What we have asked for is simultaneous tenders in rupees in India.

President.—A little more than that, that is to say, what the British manufacturer tenders for at present is not quite the same thing that you tender for.

Mr. Cochran.—No. It is very well put in one of our letters,* dated the 7th June 1923 (paras. 8 and 9). There is one other thing I wish to say. One difference between us and the Government was, apart from the price, in the making of our small orders into large orders. Government see that now, and if they do place more orders in India this trouble will not arise, one company gets a small order for one type of wagon and another works for the same type. This is a most expensive way of working. Take the C-3 wagons. Asansol had an order for 80 and we had an order for 40. Jigs, tools, etc., had to be made in each works. That should be allowed for, if we are to compare price fairly. We know that orders for 3,000 A-1 type wagons have been placed with one firm in England.

President.—Yes. I think that is also mentioned in the statement. I understand that when comparing prices the Government of India profess to make allowance for the extra work you have to do as compared with what the British manufacturers have to do?

Mr. Cochran.—What they do is they take the f.o.b. price, add on the freight, insurance and landing charges, and then they add on the wages they pay in their workshops for re-erecting wagons; their own charges and also materials they supply themselves—oil and paint, etc. They add these together and say that is the price of the wagon finished in India.

President.—Are you in a position to estimate how far these additions to the British price are sufficient to put you on level terms with the British manufacturer?

Mr. Cochran.—If the British manufacturer had to finish his wagon in this country there would not be any complaint.

President.—What sort of charges have you to incur in such a case for which, in your opinion, no allowance is made in the railway figures?

Mr. Cochran.—They are mentioned in para. 8 of the letter, dated 7th June 1923, from the Engineering Association to the Railway Board.† Freight to Indian port is not included.

President.—This is a letter addressed to the Government of India. Has not a reply been received to that letter?

Mr. Cochran.—Their letter was very brief. What they said was that the item was so small that it need not be taken into account at all.

President.—At any rate you think that to some extent you are handicapped in tendering against the British manufacturer, and you are not satisfied that proper allowance is made for all charges that have been incurred by the railways in finishing off the wagons supplied by the British manufacturer.

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* Enclosure 11 of Statement I.

† *Idem.*

Mr. Cochran.—We have to see the whole of their figures before we are satisfied. We quite admit that there is nothing there to explain the big difference between our price and the home price. Whatever there is, they say, it is very small.

President.—The Indian manufacturer is guaranteed, I understand, by the Government of India as regards 3,000 wagons. The understanding is that the Indian manufacturer should make the fullest use of the materials produced in India whereas the British manufacturer can obtain supplies he requires in the cheapest market. Do you think that the Indian manufacturer is placed at a disadvantage by that condition?

Mr. Cochran.—One of the arguments which used to be brought against us in the early days was "you do not build wagons at all. You only buy parts and assemble and throw them together." Now when we are able to manufacture in our workshops they say "Your price is too high." They cannot have it both ways. If they are going to judge us by price, by workmanship and delivery we should have a free hand to buy our materials where we like. If they are not prepared to give us any help in the price which is necessary under the conditions here, then we should be allowed to buy wherever we like provided our price is right and our specification is right. All they want are cheap wagons, up to a certain specification.

Mr. Mather.—Your point is that if the railways want to insist on Indian materials, then, so far as you are concerned, they must pay a higher price?

Mr. Cochran.—They cannot have it both ways. We cannot meet this dumping from England. If you stick to your conditions, that the greater portion of what we are doing must be done by Indian workmen with Indian materials, you must pay more for our wagons. They turn round and say "we cannot pay you more." I therefore say that so long as we can supply the wagons up to specification and an equivalent price, we should be allowed to buy wherever we like.

Mr. Mather.—Can you buy steel in India at the same price as the British manufacturers buy it?

Mr. Cochran.—We can buy steel at that price. If we could get the whole of our steel requirements in India that would help us enormously because we could get quicker delivery.

Mr. Mather.—You do not think that you will be handicapped as far as the price is concerned?

Mr. Cochran.—No. Unfortunately the steel people in India have not been able to keep up their promise to supply plates of the quality. What we would import if we were given a free hand would probably be specialised fittings. The British manufacturers have a great advantage in this way. They have got works in the same town where they are working from which they can get materials like buffers, springs, etc., made.

Mr. Mather.—If you enter into a contract on present terms you have got to make your buffers here? You will not be allowed to import them?

Mr. Cochran.—If we ask for permission, perhaps we might be allowed. We are very much handicapped in the matter of inspection of materials in England. They are not only inspected in England, but also in India, and may be rejected. There is a good deal of trouble over it. Whereas material we buy in India is passed at the Steel works and there is no more inspection.

President.—Imported materials are tested twice,—once in England and again in India?

Mr. Cochran.—Yes.

Mr. Mather.—In so far as you are able to get your supplies in India that danger will diminish. At present you have to pay for the inspection of steel in England and when it has been imported you have to get it tested again. But when you are in a position to get your supplies from Tata's your material will be inspected at Jamshedpur by the Government Inspector?

Mr. Cochran.—The trouble is that if we get plates out from England and it is rejected in India the makers say they won't take it back, and they have nothing more to do with it. Whereas if it was rejected at their own works we would get other plates from them.

Mr. Mather.—Have there been many cases like that?

Mr. Cochran.—Since the war there has been a lot of trouble, not so much with steel—only one or two cases regarding steel beams—but with wrought iron which of course we cannot get in this country.

President.—There is a paper you have handed in headed "Wagon building by Burn & Co., Ltd." There is nothing to show what sort of document it is.

Mr. Cochran.—It is a draft of a note which we gave to Sir George Barnes and Sir Robert Gillan when they came down here and argued "You don't build wagons, you get parts and put them up together." Then we put that note up.

President.—Perhaps it would be as well if you indicate in some way what it really is. There is no date on it. It says "The fittings referred to are wheels and axles, axle boxes, buffers, springs. These are the only items which Burn & Co. do not manufacture in India." You are now making axle boxes and buffers here now. That is where the importance of the data comes in. I shall be glad if you will let us have the approximate date when you were able to construct these parts. If you are doubtful about the date now, you can send us the information later.

Mr. Cochran.—I think it was written on the 29th January 1918. We shall send a note on the other point.*

President.—If you would just add a note showing to what extent any of the facts about the materials have changed since then it would prevent possible misunderstanding.†

Mr. Cochran.—It was certainly before the Standard Wagon Co. started, and it was before the Government communiqué came out which was in March 1918.

President.—To turn now to your answers to the questionnaire—in answer to question (3) you have given 5 classes of steel which you use in your manufactures. To begin with you give B and D class steel. Am I right in understanding that these are not obtained in India at present?

Mr. Cochran.—We have not been able to get them here.

President.—What part of the wagon are they used for?

Mr. Cochran.—For forgings.

President.—Then comes Cast Steel. That you can get in India to-day to the full extent of your requirements?

Mr. Cochran.—No.

President.—Can you tell us from whom you can get steel castings in India?

Mr. Cochran.—From the Pioneer Steel Works and the Kirtyanand Steel Works. We have placed quite big orders with Kirtyanand Works, but I don't think we have had much in the way of deliveries of the steel castings made in the Pioneer Works. We have had a great deal and it is quite satisfactory. Before these two firms started we also had steel castings from the Railway Workshops at Ajmere (B. B. & C. I. Railway Works). In fact during the war we placed quite big orders with them.

President.—If the wagon industry is firmly established in India, that would mean a steady demand for Indian steel castings?

Mr. Cochran.—Undoubtedly.

President.—Then take springs steel. You import steel and actually make springs here?

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* 19th January 1917—*vide* Enclosure No. 5 of Statement I.

† *Vide* Mr. Cochran's Oral Statement on 15th September.

Mr. Cochran.—Yes, at Asansol. We bought spring steel locally manufactured at Ishapore; the price is high. We can import it cheaper than they can make it.

President.—I understand that spring steel is made nowhere else in India. If they cease to supply, you will have to import?

Mr. Cochran.—Yes. But it can be made at Ishapore. I suppose their output is very small and the different sections required are numerous so that they cannot make it pay. This requires a special Works.

President.—Finally, you have got the last class of steel which, I take it, is the class that Tatas are already producing or will produce in a comparatively short time.

Mr. Cochran.—Yes, that is ordinary British Standard structural steel.

President.—Do you expect that they will be able to supply plates by April 1924?

Mr. Cochran.—They are already supplying us thick plates; ¼" is the lightest we have had.

President.—In some of the papers you handed in, you expressed a belief that Tatas would be able to supply plates by April 1924.

Mr. Cochran.—These were written nearly 12 months ago.

President.—All I am asking is do you still expect that they will be able to supply by that date?

Mr. Cochran.—They won't give us any definite promise.

President.—Apparently on the figures you have given, steel of the class that Tata's manufacture comes to about ⅔rd of the steel required in the manufacture of wagons.

Mr. Cochran.—It will be. The figure we hope to get from Tatas was 80 per cent.

President.—I was only going on the figures you have given—9,485 tons of Tata's out of a total of 13,649 tons is about 70 per cent. of the total.

Mr. Mather.—Will Tata's be in a position to made B and D class steel?

Mr. Cochran.—They ought to be able to supply fish bolt steel which is B class steel.

President.—What you have asked for in the representation is that whatever additional rate of duty is proposed to be imposed on steel should also be imposed on wagons, that is to say, 33⅓ per cent. You have told us also that the addition in the cost of wagons would be Rs. 508 if that additional duty were imposed. Would that amount to 33⅓ per cent. on the cost of the wagon? To what extent compensating protection would be required in order to leave your position unimpaired if the duty on steel were raised to 33⅓ per cent?

Mr. Cochran.—We have given it in answer to question (10).

President.—I take it that the duty would have to be imposed on railway materials generally?

Mr. Cochran.—If you take the Railway Board's price, Rs. 3,500, that of course includes approximately 10 per cent. duty now.

President.—Does that include any of the cost of their labour and assembling and so on?

Mr. Cochran.—Yes.

President.—That will have to be excluded before the duty comes on?

Mr. Cochran.—You will have to take the duty on the c.i.f. price of the wagon. That figure would be very nearly 2,900.

President.—Then increased cost arising from the extra duty on steel will only be Rs. 508. That would be roughly about 16 or 17 per cent. I am drawing your attention to that because it does not follow automatically that because you put a duty on steel the same duty should be put on articles manufactured from that.

[illegible] make up the [illegible] in your representation. [illegible] the mere question of [illegible] of the present price a specific duty of about [illegible]

Mr. Cochran.—Yes, undoubtedly. *But* the Railway Board are comparing our price with the Home price.

President.—*Then may I take it that you are asking 33⅓ per cent. on the* wagon because, on the basis of *the last year's tenders, that would* put you in the same position as the British *manufacturer, and will level things* up?

Mr. Cochran.—Yes, that would exactly level things up, that is, provided we had no increase in the cost of our steel.

President.—*Do you want 33⅓ per cent. plus an addition owing to the increased cost of the steel?*

Mr. Cochran.—*We have been asking Government to give us orders at the best Indian price irrespective of the British price.*

President.—*This is the specific request we have got to deal with in your* first representation. "Whatever protection you may recommend to Government for the steel industry should also be granted to the wagon, carriage and rolling stock industry."

Mr. Cochran.—Yes, otherwise we are worse off than we are now.

President.—So far, that is the only claim you put forth.

Mr. Cochran.—Oh no; read our letter.

President.—We can hardly infer it from the correspondence. If you are asking the Tariff Board to make a certain recommendation, surely it would be better that you should make your request specifically in your own letter.

Mr. Cochran.—We have made such a request in No. (5) (2) of our letter* dated 21st August 1923 "That the industry now needs immediate assistance if it is to meet the severe competition begun in October last by the English makers who, from the figures we enclose, you will see have quoted figures that it is impossible for this country to compete with."

President.—That is the only absolutely specific request in the letter itself.

Mr. Cochran.—I don't quite follow. We have asked that if you do anything for the steel industry you must not leave us in a worse position than we are in now. We cannot carry on without assistance until prices improve at Home.

President.—I understand that. But still, after all, it is a little difficult for the Tariff Board to deal with the question until your own proposals are put before us quite clearly.

Mr. Cochran.—Our proposals are put quite clearly in our reply to question (11) in your questionnaire. "If the present stipulations of the Government of India are to be kept to and that all material and labour must be as far as possible Indian in our products, we consider the Government of India should place orders for a definite number of wagons yearly in India at competitive Indian prices."

President.—Very well, I shall take it at that. Your claim then is (1) if an extra duty is put on steel, such extra duty should be imposed on railway wagons as would neutralize the effect of the increased duty on steel. (2) You want Government to guarantee a certain number of wagons or, if that is not possible, a certain percentage of the total wagons required, to be tendered for solely in India.

Mr. Cochran.—Certainly.

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* Statement I.

resident.—How many firms are manufacturing wagons in India now?

Mr. Cochran.—In the last tender there were 8 firms from whom tenders re received. There were 42 tenders received altogether of which 8 were ns in India.

Mr. Mather.—Firms who were manufacturing in India?

Mr. Cochran.—Or said they would.

President.—Do you know the names of the firms?

Mr. Cochran.—Messrs. Jessop & Co., The Indian Standard Wagon ompany, Ld., Messrs. Burn & Co., Ld., Messrs. K. T. Hing Brothers, Calcutta, Messrs. Hermann Mohatta & Co., Karachi, Messrs. Alcock & Co., Bombay, The Bridge & Bolts Co., Ld., Messrs. Bando & Co., all the rest are English, American and French.

President.—So far as the Standard Wagon Co. is concerned, what would you regard as a sufficient number if the Government were prepared to accept the proposal of a guarantee? I understand your capacity is 2,000 a year.

Mr. Cochran.—About 1,000 at the present time.

President.—Of course if the Government of India accepted this expedient and decided to call for tenders only in India, say, for 1,500 or 2,000 wagons annually, the question would at once arise whether there was sufficient gurantee of competition in India so that the prices would be competitive and not a price made by the biggest firm or by a combinaion of firms? How would you propose to safeguard that? Do you think it is sufficiently safeguarded by the existence of a number of firms manufacturing on a large scale?

Mr. Cochran.—First of all you have got the imported price to check it.

President.—I would rather like to get the first point settled. Is there sufficient competition within India itself to keep down the price or would it be necessary to devise some other safeguard?

Mr. Cochran.—Government will not be bound to accept the lowest figure whatever it is.

President.—If Government guaranteed that tenders for 2,000 wagons would be called for solely in India every year, it is conceivable that the manufacturers might combine to put the price up. Do you think that the competition amongst manufacturers in India would be sufficient to prevent that, or do you think it desirable that there should be some safeguard as to the price being a fair one? I am asking this question from the point of view of the taxpayer?

Mr. Cochran.—We don't want the taxpayer to think that the manufacturers are trying to put an additional burden on them. I quite see your point. At present there are only three firms who manufacture wagons.

President.—If it is the request of the Indian manufacturers that tenders for a fixed number of wagons should be called for only in India, it is for them to show how the price is to be kept within reasonable limits.

Mr. Cochran.—In any case when you call for tenders you have got the right to reject them if you are not satisfied with the price.

President.—If there is no stipulation about price in the original undertaking and the guarantee is that orders for 2,000 wagons will be placed every year in India, the Railway Board would be bound to place the order at the lowest Indian tender.

Mr. Cochran.—You have this safeguard. Suppose the Indian firms raise the price, you would immediately have competition.

President.—If an undertaking of this kind were given, you think British firms would start manufacturing in this country and that would produce sufficient competition?

Mr. Cochran.—I have not the slightest doubt about that. As soon as you find people making good profits there is bound to be competition.

President.—Well I have put the point and it is for you to consider what you can say about it.

Mr. Cochran.—My opinion is that there will be no need for further safeguards.

President.—You don't think that further safeguards are necessary mainly on the ground that British firms would soon start making wagons in India? Do you not think it likely that the Government of India would insist that the guarantee would only extend to wagon manufacturers in India and not to those who merely assemble wagons here?

Mr. Cochran.—That is what the Government of India really want: they want the wagon industry in India developed without foreign help. The thing is how are you going to build this up?

President.—You have given us your proposal that there should be a guarantee that a certain number of wagons should be tendered for only in India, and the question still remains whether any safeguard is required about the price. The safeguard that you suggest would not operate if the guarantee only applies to wagons manufactured in India as far as possible from Indian material.

Mr. Cochran.—From our point of view we would much rather have a greater part of the wagons manufactured in India. Since the war finished every one of the groups of wagon manufacturing people in England have been out here going over the ground. It is no secret that their conclusion was that while Indian labour was in the condition it is in now, and with the after-war high prices, it would not pay them to come out and they were better settled at Home. But if there are going to be orders definitely placed with firms in India and a bounty is paid to them we would see some of these firms coming in.

Do the Government of India want to encourage the wagon building in India or do they not? That is what we want to get back to now.

President.—I am not authorized to answer the question on behalf of the Government of India. You are satisfied, I understand, that no additional safeguard is required. But it is a matter that requires careful consideration. In all proposals for subsidies the authority granting the subsidy must try to limit the maximum risk it is letting itself in for.

Mr. Cochran.—Under that way of doing it, the taxpayer is better safeguarded and it would cost him less than it would in the case of protective duties or bounties. Everyone has got to understand that this policy is going to cost him something extra. If they are going to have a wagon industry in India no one, least of all the wagon people, will want to charge the tax-payer more, and I think it is the cheapest way to do it and the best way to encourage the wagon industry.

President.—You prefer it to any compensating protection?

Mr. Cochran.—These are the summaries of opinion which has come in from all the Engineering firms. They summarise their views as follows:—

(1) "If the Tariff Board find that the Steel-making industry requires protection such protection should take the form of bounties rather than of import duties.

(2) That the Engineering industries should preferably be encouraged and protected by guaranteed Government orders at competitive Indian prices rather than by import duties or bounties;

(3) That if State aid in this form cannot be given, the engineering industries should be protected by import duties or by bounties, to precisely the same extent as the steel-making industry is protected."

That applies to everything. If you are going to help these industries and keep them going, even that would cost Government some money. It is better to do that by guaranteed orders in India rather than by a big protective duty or by bounties. We prefer to put it that way rather than ask for a definite bounty per wagon.

President.—My point is that your proposal would mean an indefinite bounty.

Mr. Cochran.—We have great difficulty in getting everybody to agree.

President.—There are various conceivable ways in which it might be done, *e.g.*, the costing method, which was followed during the war in the case of controlled munition factories?

Mr. Cochran.—We prefer that the orders should be placed in India at higher prices and we say that there is enough competition to safeguard the taxpayer.

Mr. Ginwala.—You know the Fiscal Commission have laid down certain conditions which must be fulfilled by all industries before they can get protection. Three of them are important. The first is that the industry should be one possessing natural advantages, *e.g.*, an abundunt supply of raw material. I would like you to tell us in some little detail what your principal raw materials are. Take a typical wagons of (say) the A-I type that is built in your Works.

Mr. Cochran.—In that you have first of all the wheels and axles.

Mr. Ginwala.—So far as wheels and axles are concerned the Railway Board contend that at present they cannot be manufactured in this country because they require a special kind of steel and special labour.

Mr. Cochran.—To go back to that, following upon the discussions we had with Sir George Barnes and Sir Robert Gillan, which finished with the communiqué and the floating of the Standard Wagon Company, we also had a project for putting down a company to build wheels and axles.

Mr. Ginwala.—Is it not a fact that you cannot get any acid steel locally so that it would not fulfil the conditions laid down by the Fiscal Commission?

Mr. Cochran.—That was in the beginning. Before the war this condition was insisted upon. America uses cast iron.

Mr. Ginwala.—Supposing the Railway Board allowed you to use cast iron, then you would be able to manufacture wheels and axles in this country without importing any iron?

Mr. Cochran.—Yes, that could be done except for the axles.

Mr. Ginwala.—As manufacturers of wagons, you see no inherent difficulty in changing over from acid steel to cast iron?

Mr. Cochran.—I don't think there will be any difficulty that would not be got over. But anything like that would be very expensive and it would take a long time to do.

Mr. Ginwala.—A certain percentage of your raw materials for the manufacture of wagons are obtained in India. How far is it possible to manufacture here?

Mr. Cochran.—We quite realize that until India could make its own wheels and axles she cannot be said to be manufacturing her wagons.

Mr. Ginwala.—Then you consider that wagon building does not become a real industry until you can manufacture wheels and axles? But with the present raw materials available here would it be possible?

Mr. Cochran.—I think so. As a matter of fact it would have started if we had got the guarantees we asked for.

Mr. Ginwala.—The point is that during the war your supplies were cut down. If you are not able to manufacture wheels and axles will you be able to manufacture wagons at all?

Mr. Cochran.—That was what we pointed out, that we must be able to do the whole thing in India. We wanted a more definite guarantee than we had in the case of wagons and when we could not get them we shelved the whole thing.

Mr. Ginwala.—What about axles? Would the steel that is produced in India now be good enough for axles?

Mr. Cochran.—I cannot answer that question. Probably Mr. Mather may be able to tell us that.

Mr. Mather.—It would be possible to make in India. Tata's are not aiming at that quality at present, but that could be made.

Mr. Ginwala.—Can you get the kind of steel for manufacturing Springs here?

Mr. Cochran.—They can be made at Ishapore.

Mr. Ginwala.—But that is made out of imported pig iron?

Mr. Cochran.—We have not got it here so far as we know.

Mr. Ginwala.—What percentage do wheels and axles form of the total cost of a wagon?

Mr. Cochran.—Wheels and axles now cost £43 a pair and the English price of a wagon is £171 without wheels and axles, or £257 with wheels and axles. So the cost of wheels and axles comes to 33 per cent. of the total cost of a wagon.

Mr. Ginwala.—So that to the extent of 33 per cent. of the steel that you require you would be dependent on the imported steel?

President.—That applies to value and not to quantity.

Mr. Ginwala.—What is the proportion as to the quantity?

Mr. Cochran.—1 ton 10 cwts. is the weight of one pair of wheels and axles, that is, about 3 tons out of 10 tons.

Mr. Ginwala.—Or about ⅓. Your case, however, is that even the British wagon manufacturers do not make their own wheels and axles?

Mr. Cochran.—The same firm that makes the wagons does not make the wheels and axles.

Mr. Ginwala.—So that their disadvantage is the same as yours so far as wheels and axles are concerned.

Mr. Cochran.—Unless the two works are controlled by the same firm.

Mr. Ginwala.—Is there a ring?

Mr. Cochran.—There is a ring in wheel-making which is a specialised manufacture.

Mr. Ginwala.—Is it the case that they are under a certain agreement with these wagon companies to supply them wheels and axles?

Mr. Cochran.—I don't know. They may have an agreement or they may not have.

Mr. Ginwala.—Is there any company which manufactures wagons inclusive of wheels and axles?

Mr. Cochran.—There are groups who probably do the whole thing. Metropolitan Vickers is one, and the other is Messrs. Cammell Laird.

Mr. Ginwala.—What is the cost of the springs?

Mr. Cochran.—Bearing springs cost Rs. 233 or roughly £15. Draw Bar springs cost another £3. The total cost will be £20 in springs.

Mr. Ginwala.—You say you cannot get that kind of steel here?

Mr. Cochran.—The only spring steel we have so far got is from the Ishapore factory.

Mr. Ginwala.—That is from imported pig iron. Then axle boxes are made here of cast steel: that pig iron is also imported?

Mr. Cochran.—They are made out of steel scrap. You can also make axle boxes from cast iron. Some railway make them of cast iron.

Mr. Ginwala.—Is it essential to have them made of steel?

Mr. Cochran.—If they are made of steel, they are much better and last longer; but if you are up against an emergency you can always go back on cast iron. During the war these were made of cast iron.

Mr. Ginwala.—What is the cost of these?

Mr. Cochran.—30 shillings each and four of these will cost £6.

Mr. Ginwala.—What about the buffers?

Mr. Cochran.—We can make buffers entirely in India. We can make coil springs from local material.

Mr. Ginwala.—But do the Railway companies accept these?

Mr. Cochran.—They accept these, but the East Indian Railway have got their own buffers.

Mr. Ginwala.—Is there a very large variety of buffers used by the companies here?

Mr. Cochran.—They are trying to get down definitely to one or two types.

Mr. Ginwala.—Your type will be one of these?

Mr. Cochran.—We hope so.

Mr. Ginwala.—How many companies have adopted your type?

Mr. Cochran.—All the Railways except the East Indian Railway. The N. W., G. I. P., B., B. & C. I., B. N., E. B., and the M. & S. M. Railways—all use our buffers. The only people who have not tried them are the E. I., the S. I. and the B. & N. W. Railways.

Mr. Ginwala.—So that so far as buffers are concerned you need not import any?

Mr. Cochran.—I may say that this buffer was invented owing to war conditions.

Mr. Ginwala.—Then take the Vacuum Brake. I think that is a patent.

Mr. Cochran.—Yes.

Mr. Ginwala.—When they buy the English wagon do they have the Vacuum Brake fitted on to it?

Mr. Cochran.—It is not fitted on to the wagon but the parts are supplied.

Mr. Ginwala.—What is the cost of a Vacuum Brake?

Mr. Cochran.—One set of Vacuum Brake costs Rs. 552.

Mr. Ginwala.—Do I understand that this was included in the English price about which you are talking?

Mr. Cochran.—They say that the amount of £171 includes everything and we have got to take that figure. We know that in our price we have got everything included except wheels and axles.

Mr. Ginwala.—Now let us take the underframe.

Mr. Cochran.—That consists of channel iron.

Mr. Ginwala.—These you get from Tata's?

Mr. Cochran.—Yes, practically we get most of the channels from Tatas. Plates that go on top of the underframe, that is the bottom plates, also can now be obtained from Tata's. The angle iron also can be obtained from Tata's, but so far they have not got the rolls for bulb angles, but there is nothing to prevent Tata's from rolling that if they got the rolls. The small angles are also from Tata's. Then you have the sheets. We require both thin and thick sheets. We get the thicker sheets from Tata's but the thinner sheets they do not yet manufacture. They told us definitely that they would give us all the plates and sheets we required for our wagon manufacture but they have not so far been able to do so.

Mr. Ginwala.—What about the top? Do you use corrugated sheets?

Mr. Cochran.—We use thin steel sheets. That we shall also get from Tata's.

Mr. Ginwala.—So far as the upper part of the wagon is concerned you will be able to get the whole thing in India?

Mr. Cochran.—Yes.

Mr. Ginwala.—What percentage does that bear to the whole cost, taking it from the bottom plate, channels, etc.?

Mr. Cochran.—It is roughly Rs. 2,000.

Mr. Ginwala.—All this you can get locally?

Mr. Cochran.—Yes, that is, the underframe and the body. But of course we have got to check these figures, as what I am giving is only approximate.

President.—I quite understand that. But it might be useful when checking the evidence if you could also give us a note in a connected form.

Mr. Ginwala.—There has been a good deal said about the difficulty in getting rivets in the correspondence we have before us, that you cannot get the proper kind of steel for rivets.

Mr. Cochran.—So far we are importing all the steel we use for rivet making but there is no reason why the steel works should not make that steel. It can be made of local steel.

Mr. Ginwala.—There is a considerable amount of rivets required for your wagons. Could you give me a proportion of the cost?

Mr. Cochran.—The cost of rivets would be about 3½ per cent. It is not very much.

Mr. Ginwala.—So we may take it that is the proportion of the raw material you can get to manufacture all these various parts? We want to get an idea as to how much you have to import for a considerable time.

Mr. Cochran.—Wheels and axles you have to import. They do not enter into this.

Mr. Ginwala.—Is it now possible to argue that you must manufacture all these in this country before you can manufacture wagons?

Mr. Cochran.—We must eventually have wheels and axles built in India.

Mr. Ginwala.—Then the Fiscal Commission talk of cheap power. Do you get your power cheap?

Mr. Cochran.—The Company is in a very favourable position as regards power, as our works are situated near the Indian Iron and Steel Company, who use blast furnace gas. The only coal they have got to use is that for the furnaces. As their works are situated in the coal fields they get their coal at a minimum of freight.

Mr. Ginwala.—In Mr. Craven's evidence before the Fiscal Commission he said that the training of labour would take from five to ten years. When do you expect the labour difficulty would cease?

Mr. Cochran.—I expect never. We have been at it for the last 20 years.

Mr. Ginwala.—I am not talking of difficulties arising out of strikes, etc. I merely mean the training of labour.

Mr. Cochran.—From the time you start the industry it takes five years to train.

Mr. Ginwala.—Is it then a temporary difficulty, that you have got to tackle?

Mr. Cochran.—That gets better every day.

Mr. Ginwala.—You employ a considerable amount of Indian labour in your works. I think it would be better if you could give us a statement giving the total amount of labour employed both European and Indian and the total wage bill, not individual but collective, for each class of labour.

Mr. Cochran.—These were the figures of February last year. The labour now employed averages 1,500 (Standard Wagon Co.). We prepared these figures in connection with a Legislative Council question, which was raised when the Railway Industries committee were sitting. We had 21 employees drawing Rs. 200 and upwards of whom three were Indians and 18 Europeans. If you want any more information* we shall be glad to give it to you.

Mr. Ginwala.—The point is that Indians generally want to Indianise everything possible. We want to know how the position stands, what proportion of Indian labour you employ and what are the chances of your replacing European by Indian labour.

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* *Vide* Statement IV.

Mr. Cochran.—We can give you the exact figures if you wish of the number of the staff—how many Indians and how many Europeans and how many workmen.

Mr. Ginwala.—Would you have any objection to giving the total wage bill, Europeans and Indians per month?

Mr. Cochran.—I have no objection at all.

Mr. Ginwala.—Thank you. That will be very useful. So far as the labour is concerned I think you have got such up-to-date machinery that very much skilled labour is not required I mean to the same extent as in the case of machinery which is not up-to-date.

Mr. Cochran.—We are more up-to-date at Asansol than we are at Howrah.

Mr. Ginwala.—The amount of skill required is very little. When we were at your Asansol works we felt that the skill required was not of a very high order.

Mr. Cochran.—No: it is not. If ordinary labour is looked after and trained, it is sufficient to work these machines.

Mr. Ginwala.—With regard to your Indian Standard Wagon Company, have you made any housing arrangements for your labour?

Mr. Cochran.—All their workmen are housed. All the staff are housed with the staff of other companies near our works. But the Wagon Company have a number of houses of their own at the far side of the works for their labour only.

Mr. Ginwala.—The second condition laid down by the Fiscal Commission is that the industry must be one which is not likely to develop unless some sort of assistance is given to it. That I think you have stated. Eventually you do hope to compete against the whole world, which is the third condition laid down.

Mr. Cochran.—I suppose so. The British manufacturer is quite enough. If we can compete with him I think we can compete with the rest of the world.

Mr. Ginwala.—You hope to meet them on level terms more or less when you have got firmly established?

Mr. Cochran.—As a matter of fact, our whole policy up to recently has been that we never asked for anything more than the Home price. We never went beyond that.

Mr. Ginwala.—We have now dealt with some of the disadvantages under which you labour as compared with the British manufacturer. As regards dumping we shall take it up later on. It is stated in your representation that there are indications of dumping, but we are at present not satisfied that it is so. One of the disadvantages you mention is the procedure that the Railway Board and the companies follow in inviting tenders. You state that most of these companies have got their Board of Directors in England, that they also have got their Consulting Engineer in England, that their finances are more or less raised in England and that for that reason it is natural that they should call for tenders in Great Britain and they do that generally speaking. You also state that if you want to submit a tender you have first of all to be on the list of tenderers, and that if you are not on that list you cannot tender at all.

Mr. Cochran.—Some tenders are advertised publicly and some tenders are only sent to firms on their list.

Mr. Ginwala.—What is the normal practice in the case of wagons?

Mr. Cochran.—The first year that they called for tenders publicly they called for in India 3,100 wagons; that was when there were 44 tenderers.

Mr. Ginwala.—I think I also read somewhere that they only give you about three weeks time to submit your tenders.

Mr. Cochran.—Much longer than that. Tenders were called for in August and we submitted in October.

Mr. Ginwala.—That was on the last occasion, but before that there was complaint.

Mr. Cochran.—If you wish to tender on an advertisement made in England you have only got a few days. By the time the notice appears in the newspapers here the time is nearly up.

Mr. Ginwala.—If the tender is advertised in Great Britain you have only got a few days to submit your tender.

Mr. Cochran.—In many cases the time is already up.

Mr. Ginwala.—If tenders are invited in India you have sufficient time. You have also told us that tenders are in sterling and it is a disadvantage from the Indian point of view.

Mr. Cochran.—We have never been asked to tender in sterling. We have always tendered in rupees.

Mr. Ginwala.—You state that you tender in rupees but if there is a fall in the exchange your tender becomes higher. Would you recommend for that reason that tenders should be quoted in rupees?

Mr. Cochran.—We should prefer rupee tenders called for in India simultaneously. What is done now is that the English manufacturer quotes his f.o.b. price and various figures are added to it and turned into Rs. at a fixed rate of exchange and the final figure is compared with our tender. I am not sure how much they allow for delivery.

Mr. Ginwala.—Another disadvantage you say you suffer from is that these people give the cost of parts of wagons f.o.b. in England. Then they have got to be brought out here and the wagon has to be erected. Do they make any allowance in your case for the extra time that is taken?

Mr. Cochran.—We do not know. No question has hitherto arisen as to the long time taken for delivery. It has recently been a question of price.

Mr. Ginwala.—The real prices may be quite different, if you had everything two months earlier in an unfinished state and you took four months to finish. The comparison is not between the same articles.

Mr. Cochran.—If they do take this question of delivery, they may take the time in which these wagons arrived in India in an unfinished stage and compare them with the time we took to finish them. Undoubtedly these wagons come here very quickly from England, but they do not get finished here quickly.

Mr. Ginwala.—What is the cost of erecting these wagons in this country?

Mr. Cochran.—The railway company's cost as given to us was Rs. 450. That is what they charge at this end to finish a wagon. That includes labour charges, etc.

Mr. Ginwala.—That is to say, on the top of the c.i.f. price and clearing charges and so on, they add Rs. 450 to get a comparison with your figure.

If you are asked to erect wagons of the A-1 type, would you do it for Rs. 450? This is what the railway companies claim as their cost. Is it necessarily what it might cost you? Would you take that as a fair figure?

Mr. Cochran.—I would like to go into the matter and work out the figures.*

Mr. Ginwala.—It will be a good thing if you will give us these figures, just to compare the prices.

Mr. Cochran.—As regards labour I will give it to you now but as regards materials I have to work out. We shall give you the required figures.

Mr. Ginwala.—As regards customs duty do you still insist that the duty must be actually paid?

Mr. Cochran.—We understand that in every case where a comparison is made the duty should be taken for purposes of comparison whether paid or not.

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* *Vide* Statement III-B.

Mr. Ginwala.—When it comes to the actual levying of a duty, supposing protection was recommended, would you insist that the duty should be paid by Government?

Mr. Cochran.—They should pay it, as everyone else does. It should not be a matter of account.

Mr. Ginwala.—There are one or two statements made here in the Railway Industries committee's report. They say in one place "At present we are informed that the firms now building wagons in India are dependent on imported steel to the extent of 80 per cent. of their requirements." Do you agree with this statement?

Mr. Cochran.—That is perfectly correct, but that was the case when we could not get from Tata's what we wanted. It is no longer correct since Tata's are endeavouring to carry out their promise. In the copies of the letters written to the Railway Board and to the Member for Commerce and Industry we gave the percentage we are now obtaining and the percentage Tata's have promised to supply in 1924 of the steel required.

Mr. Ginwala.—Did you tender for the whole 3,000 wagons last time?

Mr. Cochran.—We tendered for all the types. They asked for 3,132 wagons of the following types:—

1,030	A-1 wagons.
650	A-2 wagons.
230	A-3 wagons.
310	C-2 wagons.
200	C-3 wagons.
100	BA-1 wagons.
37	BB-1 wagons.
585	MA-1 wagons (Meter gauge) and
25	of another kind.

There were nine different types asked for. We tendered for all of them at different prices. Some of these wagons cost twice as much as the others did.

Mr. Ginwala.—Supposing they had accepted your tender, you would have to make 3,132 wagons although your capacity is less?

Mr. Cochran.—There were various times for delivery.

Mr. Ginwala.—Whatever the time, it was all within a year, was it not?

Mr. Cochran.—It was for more than a year. They called for tenders; there was nothing said about delivery.

Mr. Ginwala.—My point is, supposing it was a case of delivery in a year's time, could the whole of the order have been executed in India?

Mr. Cochran.—No, this could not have been done.

Mr. Ginwala.—So far as you are concerned you would have been willing to manufacture 1,000.

Mr. Cochran.—We were willing to take a much smaller portion of the orders. Though we tendered for the whole lot we never expected that we would ever get them.

Mr. Ginwala.—You tendered for the Indian Standard Wagon Company.

Mr. Cochran.—We asked for 800 in the case of Burn & Co., Ltd.

Mr. Ginwala.—Was this simply to keep your works going? Would you like to correct any statements that are made here in the report of the Railway Industries Committee?

Mr. Cochran.—We strongly object to the following statement:

"**Tenders from British manufacturers were by far the lowest and in the case of the most important type of wagon, the lowest satisfactory Indian tender was 50 per cent. higher than the lowest English tender, even, with the addition to that tender of c.i.f. charges and customs duty. It would** have cost the Indian taxpayer approximately half a crore of rupees if the lowest satisfactory Indian tenders for these 3,132 wagons had been accepted."

The above statement is not correct because you have got to assume that the wagons are the same, which they are not. Another thing is that there were several reductions in the price which brought our figure considerably lower.

Mr. Ginwala.—Could you give us in some little detail a statement of the inaccuracies, from your point of view, which you have found in that report?

President.—And the modifications, you think, ought to be made in the statements made in the report?

Mr. Cochran.—Everything there has put us in the worst possible light. That is why we want to publish these letters of the Engineering Association.

Mr. Ginwala.—Even if you had received this order for 1,000 wagons there was no guarantee that the works would have been kept alive.

Mr. Cochran.—But the works are still alive.

Mr. Ginwala.—That was the statement I have heard made, that even if this order had been given and even if so much more cost to the country had been incurred, there was no guarantee that the industry would be kept alive. Is this a correct statement?

Mr. Cochran.—Absolutely incorrect. Because if we had the order we would have been in a very much better position than we are in to-day. By the time this question is settled we will be right out of work.

Mr. Ginwala.—This year have they not yet invited tenders? Don't they generally ask for tenders somewhere about August?

Mr. Cochran.—End of September.

Mr. Ginwala.—What do you propose to do if they ask for tenders before this enquiry is finished?

Mr. Cochran.—As a matter of fact we tendered for 250 wagons on the 1st August. We have heard nothing about it.

Oral evidence of Mr. A. COCHRAN, representing the Indian Standard Wagon Co., Ltd., recorded at Calcutta on the 15th September 1923.

Mr. Cochran.—Before the proceedings of to-day's meeting begin I would like to mention that the note on wagon building you asked for reference yesterday was given by Mr. Taylor of Messrs. Burn & Co. to Sir George Barnes at a meeting which was held here on the 12th January 1917 and then there was a letter written to the Railway Board putting the whole of this on record. I shall hand copies of that letter to the Board now. (Handed over.)*

Then as regards the information about wages we have to get it from Asansol.

Mr. Ginwala.—What about the note on the Railway Industries Committee's recommendation? You objected to certain statements, I understood.

Mr. Cochran.- What we were going to point out to you was that the letter written by the Engineering Association goes into that very thoroughly. In fact that letter was filed with the statements we forwarded to you. That is the letter of the 7th June, and it enters into some detail on the statements made in that report.

Mr. Ginwala.—Then I take it that those are your views.

Mr. Cochran.—Yes.

Mr. Ginwala.—You have stated in this letter of the 11th September that the present British price of a A-I Type wagon is Rs. 3,494 complete in India, whereas your cost of labour and material comes to Rs. 3,735. Can you show by taking the quoted prices of materials in England at the time this tender was made that there was evidence of dumping there? You can work it out by taking the current prices in England at the time—November 1922. It would not be difficult for you to work that out; you won't get the cost of labour accurately but you can get the cost of material.

Mr. Cochran.—The cost of a wagon f.o.b., as given by the Railway Board, was £171.

Mr. Ginwala.—Then your case is that that is a dumping price?

Mr. Cochran.—Yes.

Mr. Ginwala.—Is that established by going into the various particulars as to the cost of materials?

Mr. Cochran.—Following on what you asked yesterday; when that is analyzed the part of the wagon, namely the underframe and the body part which is made here, is supplied from England now at almost the same price in sterling as it cost in pre-war times.

Mr. Ginwala.—You would be taking the c.i.f. price including other charges for working out the cost here?

Mr. Cochran.—I am dealing with the f.o.b. English price.

Mr. Ginwala.—That is what I am dealing with now. Yesterday I was dealing with the cost here and to-day I am dealing with the cost supposing you manufacture these wagons in England. You can show that you could not manufacture a wagon at £171 by getting the quotations current at that time. You can show that the cost of steel used for underframe was so much, so much for delivery, so much for labour and so much for other things.

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* *Vide* Statement V.

Mr. Cochran.—What I can say is this. When this £171 for the wagon is analyzed out, it will be found that certain parts are quoted at the pre-war price and other parts are quoted at higher than pre-war price.

Mr. Ginwala.—You can more or less work out the cost of the materials used by British manufacturers from the trade papers?

Mr. Cochran.—Yes.

Mr. Ginwala.—Just as you worked out your cost yesterday I want you to work out the cost in Great Britain at the rates prevalent in November 1922.

Mr. Cochran.—We know that the underframe and the body cost about £112.

President.—I think Mr. Ginwala's point is this. The wagon manufacturer in England has got to purchase the same materials as yourself. Can you ascertain what the cost of the materials probably was to him in November 1922?

Mr. Cochran.—We know that he was quoting for certain parts of that wagon, specially the parts that we manufacture as less than the pre-war price.

President.—Can you make out a statement* based on trade paper quotations as to the cost to the British manufacturer of materials used in a wagon? Of course when a large order is given the manufacturer will be able to buy cheaper than the rates ordinarily quoted, though how much cheaper you cannot calculate. But taking the ordinary trade figures can you work out what the materials in the wagon ought to have cost the British manufacturer in November 1922?

Mr. Ginwala.—It is very necessary for the purposes of this enquiry to show that there is a probability of these articles being dumped below the cost of production.

Mr. Cochran.—They are supplying a wagon at £171—a much better wagon than what they supplied for £179 in 1913.

Mr. Ginwala.—It may be the case that the cost of production has gone down in this particular article. From that you cannot necessarily argue that there is dumping.

Mr. Cochran.—The cost of production has gone down in everything in which we compete and in the case of the articles we do not manufacture, it is much higher.

Mr. Ginwala.—I think it would be quite easy for you to take quotations from these trade journals and to work them out. Your opinion will be very valuable on this point if you can substantiate this by means of figures.

Mr. Cochran.—I can give you how much they are paying for axle boxes, how much for buffers and so on.

Here are the figures—

£9.—Axle boxes and bearings.
£14.—Bearing springs.
£6-10.—Other springs of various kinds.
£30.—Vacuum Brake gear.
£112.—Underframe and body.

What I say is that if you compare these prices with the pre-war price, you will find that the cost of the underframe and the body part is practically the same as the pre-war price; the vacuum brake part is much higher and the springs are almost double.

Mr. Ginwala.—You are here taking the manufactured article. It includes labour and other things. That would not establish the things you want to get at. What I want you to take is the cost of the various materials.

Mr. Cochran.—We can do that.

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* *Vide* Statement III (*c*).

Mr. Ginwala.—If you are able to show that if they bought these raw materials and used them for the purpose of the finished article they could not possibly finish it for £171.

President.—In giving that cost if you can give it under the various kinds of steel, it would be helpful.

Mr. Cochran.—What you want is a comparison of our price with the English price.

President.—If you could give us the same figures for the pre-war value we may get a very useful comparison, because if the difference between the cost of material and the total cost is markedly less than it was before, that is excellent evidence from your point of view, because there is no reason to believe that other charges have decreased in England since then.

Mr. Cochran.—We will give you figures* to show that in the case of the parts of wagons that are manufactured here they cut their price very low and in the case of those that are not manufactured here, their prices are very high.

Mr. Ginwala.—Putting it in another way, if you were manufacturing wagons in Great Britain, you ought to be able to show that you could not, having regard to the prices of the various articles, produce a wagon at £171, and, as the President said, if you could give us the pre-war prices we will be able to compare the cost before the war with the present cost.

Mr. Cochran.—Yes, we can give you that.

Mr. Ginwala.—Now, with regard to the kind of assistance that you claim for this industry, I am not quite clear as to exactly what you want. First of all you say that you must at least get the protection that Tata's may get, if any. That is to say, if they get 33⅓ per cent. you ought to get that.

Mr. Cochran.—We must be able to pay the same price for our steel as we do now.

Mr. Ginwala.—When you say 33⅓ per cent. do you mean 33⅓ per cent. on the total cost of the finished wagon or on the quantity of steel that you use on your wagon? These are two different propositions.

Mr. Cochran.—We have not asked that at all. As a matter of fact what we do ask is that all our raw materials be left alone and a 33⅓ per cent. duty put on the price of the wagon. But if you raise the price of steel by any protection that you give to Tata's, we want the same amount to be put on the steel we use on our wagon just to leave us where we are.

Mr. Ginwala.—But you have not asked for that in your letter?

Mr. Cochran.—If you gave Tata's 23⅓ per cent. more to bring it up to 33⅓ per cent., and we have to pay that for the steel on the wagon, we would be Rs. 508 out.

Mr. Ginwala.—So far as your own industry is concerned, you say that your purpose would be served if you got sufficient orders?

Mr. Cochran.—We want sufficient orders to keep our place full of work up to the maximum amount we can take.

Mr. Ginwala.—There are difficulties in that case. There are two very serious difficulties—the first is that all the railways do not belong to the Government. There are only three that belong to Government and therefore it is obvious that though the Government can put pressure on the Companies, it would be very unusual for them to compel them to give you orders. The second objection is that if the Government railways gave you orders at more favourable rates than the prevalent market rates, then the cost of working these Government railways will compare unfavourably with the working cost of the other railways—a thing to which the Government and the Railway Administration would naturally attach great importance. They would not like to show that they were working railways more unprofitably than other railways. These are the two main difficulties. Supposing then that it is not possible for Government to ensure a certain number of orders for you, what would you recommend for your industry? Take, for instance, the Tata Iron and Steel Company. They have got certain contracts with the railways which unfortunately have not turned out as they expected. They are not an unmixed blessing. Supposing Government find that it was not possible to give you orders, what form of protection do you suggest?

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* *Vide* Statement III (A).

Mr. Cochran.—You want to keep us going with no orders whatever.

President.—What you say is this, that the way in which you would like to get assistance from Government is a guarantee for a fixed number of wagons annually. Supposing the Government of India refuse to adopt that proposal, what alternative method of protection or Government assistance have you to suggest? If you cannot get what you want, have you any alternative to suggest?

Mr. Cochran.—The second alternative we would suggest would be a bounty on the wagons we turn out, and the third alternative is protection.

Mr. Ginwala.—Take the present price you have mentioned—the British price and your own price. Would you fix the bounty at the difference between the English price and the price at which you could sell?

Mr. Cochran.—You could fix it at that, but the difficulty about any scheme like that is that exchange and other conditions might come in and alter the whole thing.

Mr. Ginwala.—We might leave out the question of exchange or any other unusual conditions. But barring these exceptional conditions, what form do you suggest the bounty ought to take?

Mr. Cochran.—We could say so much per wagon.

Mr. Ginwala.—How will you determine the amount—the difference between the two prices?

Mr. Cochran.—Yes.

Mr. Ginwala.—Would you suggest in that case—supposing 5,000 wagons are required and you can manufacture locally 2,000 wagons—to invite tenders both in Great Britain and in India for the 5,000 wagons? My point is, will you determine the amount of bounty each time the order is given or would you require a fixed bounty? Supposing last year the difference between your manufacture and the British manufacture was Rs. 500, the next time the difference in the tender may be Rs. 200. What will you suggest? Would you suggest that the amount of the bounty should be fixed or that it should vary according to the difference in price?

Mr. Cochran.—It should vary.

Mr. Ginwala.—And that should apply to the number of wagons manufactured in India?

Mr. Cochran.—Suppose we get an offer for one kind of wagon in one year the difference in price would probably be less than if we were asked to manufacture different types of wagons in the same year.

Mr. Ginwala.—Then you are not in favour of fixing a bounty for number of years. You would like that to be varied every year?

Mr. Cochran.—Yes, because if you had a fixed bounty and the prices varied every year we would naturally go and ask for more bounty. That is the objection to the fixed bounty system.

Mr. Ginwala.—There is one disadvantage in changing the amount frequently as that will not attract capital as easily as a fixed bounty would—I mean new capital. As a business man you are going to start a wagon works. Would not you hesitate a bit if the rates were allowed to vary every year!

Mr. Cochran.—In the bounty system it practically ensures that you will get a reasonable return every year. Suppose there is a fixed bounty. It might suit you very well for one year and next year, it might be very much against you.

Mr. Ginwala.—I am asking you from a manufacturer's point of view.

Mr. Cochran.—Our opinion is that if there was a bounty it should be mutually arranged each year on the wagons actually under construction.

Mr. Ginwala.—Don't you see the difficulty in the case of a bounty on wagons. The private company is buying wagons, Government is also buying wagons. Government has got to pay a bounty to the Railway Company as it were. Don't you see any objection to the principle contained in that?

Mr. Cochran.—You are going on the assumption that Government cannot give a guarantee themselves to keep the industry going.

Mr. Ginwala.—They may feel that it cannot be done without prejudicing the railway administration.

Mr. Cochran.—I don't agree with that even now. When other railways become State Railways, there is bound to be sufficient orders to keep the industry going.

Mr. Ginwala.—Suppose Government refuse to give the guarantee?

President.—We cannot assume what Government is going to do. Therefore we are trying to explore the alternatives.

Mr. Ginwala.—The point is that the object of protection is that ultimately the country must produce its own requirements. There will be a considerable amount of wagons required. You cannot say that Government can give the local industry all the orders that would enable it to produce all the requirements of the country.

Mr. Cochran.—In time that will come about. If Government encourages it, the wagon industry India will probably be able to supply all its requirement of wagons. I understand it is Government's policy to make India self-supporting in the matter of wagon manufacture. That is how I have understood it. If you read the Industrial Commission's and the Stores Commission's reports there is no doubt that that is the policy. Personally I don't like bounties nor do I like protection, but I am putting these only as alternatives.

Mr. Ginwala.—It will cost the Central Government a considerable amount of money. How are they to find money for bounties?

Mr. Cochran.—Supposing English prices had not been cut like this, then you would have paid for these wagons and nothing would have been heard about it.

Mr. Ginwala.—Government has not got the money in its pocket. It has got to raise the money by taxation. Do you think Government can find the money from the tariff itself in order to meet the bounty? Suppose we recommend bounties, you may take it for granted that the Government of India would like to know where we suggest they should get the money from.

Mr. Cochran.—They must find the money from the tax-payer, from no one else.

Mr. Ginwala.—By additional taxation?

Mr. Cochran.—If I had a say in the matter I would say so; if not they won't have any industries.

Mr. Ginwala.—Take the alternative case of protection. What form do you suggest that ought to take? Perhaps you would like to consider that.

Mr. Cochran.—Our case for protection would be, if we are left exactly as we are at the present time, as regards steel, 33⅓ per cent. put on wagons coming into the country.

President.—Would that be in addition to what I may call compensating protection as regards the steel you use? You will remember that when I examined you yesterday, the increase of cost which would follow the substitution of a 33⅓ per cent. duty on steel for a 10 per cent duty was said to be Rs. 508.

Mr. Cochran.—We have to get that in addition.

President.—If the protection required by the Wagon Industry itself is added, you want 33⅓ per cent. in addition to that.

Mr. Ginwala.—Suppose we take the cost of the British wagon in round figures at Rs. 3,500. You want 33⅓ per cent. on that. That would be Rs. 4,600 as against your Rs. 4,900. Even on this figure the British wagon manufacturer would be able to compete against you.

Mr. Cochran.—But you are going on the figures we quoted last September.

Mr. Ginwala.—Take your present figures.

Mr. Cochran.—We quoted recently Rs. 4,600. That will just enable us to make ends meet.

Mr. Ginwala.—Do you think that this is the lowest level that the British wagon has reached by way of price?

Mr. Cochran.—Do you want me to say whether they will cut any more? I do not know. Every report of every Wagon Company that has been published recently said that they were taking on works at prices that did not pay.

Mr. Ginwala.—Can you refer us to any of these reports?

Mr. Cochran.—I have got the most important of them here.

President.—If you will send us copies* of the reports it will help us.

Mr. Ginwala.—Give us a typical case.

Mr. Cochran.—This is a typical case but there are more. The following is from the Financial Times.

"After a long and successful career, the Leeds Forge Company in common with other similar undertakings owing to the depression in trade has recently suffered heavy trading losses, and to keep the works employed is still compelled to accept contracts at prices which are quite unremunerative. To continue in this manner will entail the raising of considerable additional working capital and the Directors have found serious difficulty in this matter."

"The Leeds Forge has on the whole an excellent record though latterly it has been affected by the trade depression and has paid no ordinary dividend since 1920, while last year the preference dividend has also had to be passed."

Mr. Ginwala.—What is the date of these extracts?

Mr. Cochran.—These were about two months ago. I had all these papers gone through and every report on Wagon Companies in England has said the same thing. What happened in this case to prevent this Company absolutely going under is that it was taken over by one of the groups, Messrs. Cammell Laird. There has been exchange of shares and the Cammell Lairds have been carrying them on.

Mr. Mather.—The presumption then is that they cannot go on quoting these low rates.

Mr. Cochran.—They have got to stop somewhere.

Mr. Ginwala.—For the present you are not taking any Continental competition into account?

Mr. Cochran.—No.

Mr. Ginwala.—Do you think you are quite safe to compete with the United Kingdom as conditions of business go at present?

Mr. Cochran.—We have asked for orders for wagons to be placed in India irrespective of English prices.

President.—You are still assuming that you are going to get what you want.

Mr. Ginwala.—The reason I am putting you this question is this: a little while ago you talked of depreciated exchange. That applies more to the Continent than to Great Britain. Do you anticipate any competition from the Continent?

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* *Vide* Statement VI.

Mr. Cochran.—All the tenders that were received from the Continent were higher than ours. There was only one very low tender. Our information was that their lowest tender was £100,000 above ours.

Mr. Ginwala.—Of course, last year prices were unusually low.

Mr. Cochran.—But it was a deliberate cut.

Mr. Ginwala.—Take ordinary competition. Do you apprehend any competition from the Continent or only from Great Britain, leaving out for the moment these unusual prices?

Mr. Cochran.—There might be: we cannot say.

Mr. Ginwala.—Can you give us any information as to your Continental rival in the matter of construction of wagons?

Mr. Cochran.—We have done no business with the Continent. I personally do not know anything about their capabilities either in France or Germany with regard to railway wagons. Of course, we all know that their shops are not laid out for the construction of the type of wagons used in India. Our wagons are quite different from those used in the Continent.

Mr. Ginwala.—Our gauge also is quite different from their gauge.

Mr. Cochran.—Yes. Ours is 5′ 6″. The Continental gauge is the same as the English gauge.

Mr. Ginwala.—Does that make any difference in the plant, so that unless any Continental country expressly wants to compete against you, you have no fear about their competition?

Mr. Cochran.—It makes a considerable difference in the plant. If you ask for my opinion, I should say that on the whole no competition is to be feared from the Continent compared with that from the British manufacturer, who has got his shop laid out to build the Indian type wagons.

Mr. Ginwala.—What about the United States of America?

Mr. Cochran.—I do not think we need fear any competition from that quarter. I do not think their work would ever pass the Inspector here.

Mr. Ginwala.—Have you got a copy of Mr. Craven's evidence?

Mr. Cochran.—No. Where does it come from? I have not seen that at all.

Mr. Ginwala.—It would be useful if you went through that evidence. I have a copy here. I do not want to ask questions on that but if you will read it you will see that he gave a written statement, as well as oral evidence, in which he said that you were satisfied with 11 per cent. duty. There are several points there which have probably become out of date now. It was in January 1922.

Mr. Cochran.—You want me to bring this up to date.

Mr. Ginwala.—Yes, so that we can file it in our records. There is one point about this communiqué of the Government of India. In that evidence as well as in other places I find that you emphasise this communiqué a good deal as if it meant that the Government of India had committed itself to something.

Mr. Cochran.—It took us 15 years of hard work to get that, and we were proud of it when we got it.

Mr. Ginwala.—If you read the communiqué, subject to these reservations and conditions, you will see that the Government of India have not done what you claim.

Mr. Cochran.—We really had a great advance by getting that promise. In fact, before the war we never asked for anything more than the equivalent English price.

Mr. Ginwala.—Do you mean to say that even when your prices were not higher than the English price and your materials were quite as good, until the communiqué was issued you did not get any orders from Government?

Mr. Cochran.—We received orders but they were very small and we always had to fight for more.

Mr. Ginwala.—Can you suggest any reason why they should not give you sufficient orders and behave in such a capricious fashion?

Mr. Cochran.—There was always a tendency for these orders to be placed in England.

Mr. Ginwala.—But this communiqué does not give you anything at all unless it means that before this you did not get any orders at all, though your goods were as good as the British articles, and that as a result of this communiqué you began to get orders.

Mr. Cochran.—We never had anything definite before, but that communiqué definitely gave us orders provided our price was equal to the British price.

Mr. Ginwala.—It seems to me that there must be some reason why they should behave in such a fashion. The article is as good and the price is the same. Why should Government not place orders with you?

Mr. Cochran.—The whole tendency is to place their orders in England. If you read the Stores Committee's report they go through the whole history of the matter. You will notice that there has been one continual fight between the Government of India, the India Office and the Secretary of State. In many cases the Government of India have put up a very good case for placing more orders in this country and the India Office had always the last word and the Home influence has always worked against this policy. We only got the smallest crumbs they could possibly give us.

Mr. Ginwala.—That is to say, you assign this to the fact that all the Boards of Directors are in England. You think that the Secretary of State does not take sufficient interest in the local industry.

Mr. Cochran.—If you read it here in these reports you will find that the Secretary of State has again and again turned down the proposals of the Government of India to place us on the same footing with British manufacturers, which would have carried the industries in this country a long way ahead. So we think the communiqué was a great advance.

Mr. Ginwala.—I would certainly not find it very assuring if I were in this industry.

Mr. Mather.—Can you tell us approximately what the weight is of steel castings used in A-1 type of wagons.

Mr. Cochran.—I think we have already given it.

Mr. Mather.—My purpose in asking this is to find out how far the wagon industry would require the manufacture of steel castings, because the steel castings people in India are also presenting a case to the Board. I take it that your attitude towards any duty on steel castings is the same as duty on rolled steel?

Mr. Cochran.—Yes.

Mr. Mather.—Do you use in the wagon industry any steel castings which cannot be made in India?

Mr. Cochran.—No. I do not think we do now.

Mr. Mather.—Would you expect, apart from any question of alterations in price due to duty—suppose, for instance, you had obtained this contract last year—to get as many of your steel castings as could be manufactured by the firms here, or would you have placed orders in England?

Mr. Cochran.—As soon as castings are available here we will place more orders for them than they can probably produce. In some cases we are paying more than the Home price and in other cases we place orders with them at contract rates based on the English price.

Mr. Mather.—Then your expectation is that you will be able to get steel castings in India?

Mr. Cochran.—We hope so. Before the Pioneer Steel Company and other people began to make these we used to get them from Ajmere.

Mr. Mather.—That was more or less a temporary arrangement. In any case they would not be able to supply all the castings that you would require.

Mr. Cochran.—I do not quite know.

Mr. Mather.—Another fairly important question which may come before the Board in connection with the consideration of the duty on steel is the attitude to be taken by the Board on the question of forgings. Do you use any forgings in the manufacture of wagons which could not be made in India from Indian steel? I notice that the B class steel to which you refer in your letter can be made either by the acid or basic open hearth process and, therefore, presumably that quality of steel you may be able to obtain in India. But D class steel which is apparently higher class steel has been specified as acid steel and therefore cannot be made by the basic open hearth process, so that that item would have to be imported.

Mr. Cochran.—That must come from England.

Mr. Mather.—Assuming that you get the necessary quality of steel in India for the B class steel, is there anything about the size or dimension of these forgings that puts any difficulty in the way of your getting them in India?

Mr. Cochran.—No.

Mr. Mather.—It has been put before us only informally by certain firms in India that at present they want forgings in large sections. That, of course, does not apply to wagon building?

Mr. Cochran.—No. We want only small sections.

Mr. Mather.—In the standard wagons you have been making you use a considerable proportion of springs. You have already mentioned that spring manufacture in England is a speciality. It is usually done by special firms. The steel is often made by firms who only make fairly high class steel, and the actual manufacture of springs is sometimes done by the firm or firms which specialise in making the steel. Do you think that it will be commercially sound to make springs in India of Indian steel, or do you think that in the long run you would prefer to import your springs?

Mr. Cochran.—At present springs are one of the items that has been quoted at a very high price. At present it is possible to manufacture them in India and make a good profit.

Mr. Mather.—You would restrict yourself either to steel obtained from Ishapur or to imported steel?

Mr. Cochran.—So long as Ishapur is able to give us the material we require we shall take it from them.

Mr. Mather.—It should pay you to import steel and forge rather than to import finished springs as prices are at present. Supposing the prices of springs went down in England you might possibly change your policy.

Mr. Cochran.—Yes.

Mr. Mather.—In so far as you are using imported steel, that would not very much affect the attitude of the Railway Board. You do not anticipate that they would object that this steel has not been made in India?

Mr. Cochran.—Any way they have not so far objected to springs being imported from England. There is one thing about wheels and axles. What I would like to bring out is that for wheels and axles we are paying double the pre-war price. You may be able to get cheap wagons, but nothing has been said so far about the price of wheels and axles.

Mr. Mather.—If you consider the price excessive and if you are assured of large orders for a period of years, do you think that you would be able to make wheels and axles at prices much less than the present price of English wheels and axles?

Mr. Cochran.—Yes. We have lowered the price of wagons and presumably we could do the same with wheels and axles.

Mr. Mather.—You think you could do that and still make wheels and axles at a commercially satisfactory price?

Mr. Cochran.—We certainly can do that.

Mr. Mather.—Could you let us know also what weight of wrought iron you use in one wagon, taking an A-1 type as the basis?*

Mr. Cochran.—We have no information now. But we shall send it to you.

Mr. Mather.—In the statement on the last page of your last letter you estimate that if an increase of 23⅓ is made to the present tariff making it 33⅓ on steel, the cost of a wagon would increase by Rs. 508. In calculating that figure of Rs. 508, I assume that you have taken for granted that the duty on wrought iron would remain the same as it is now.

Mr. Cochran.—Would you like to have a detailed statement? I have it all worked out.

President.—I should very much like such a statement to be sent in.

Mr. Mather.—I want to know whether you have assumed that there is an increase in the duty on wrought iron.

Mr. Cochran.—On steel only and on nothing else.

Mr. Mather.—Tata's have asked us for reasons, which are logical from their point of view within certain limits, that if a protective duty is put on steel, a similar duty should be put on wrought iron. Of course, you will agree that there are quite a number of purposes for which wrought iron could replace steel. I am not thinking now specially of wagons, but quite a lot of other general engineering purposes.

Mr. Cochran.—If a duty is put on steel and not on wrought iron, the result will be that iron will be used to a larger extent. In fact a larger proportion of the wagon was made of iron before the war than we are doing now.

Mr. Mather.—That will be the tendency with all Engineering firms if iron is cheaper. I would like your opinion whether there is any part of the wagon made of wrought iron which can satisfactorily be made of steel.

Mr. Cochran.—There is always so much trouble with iron that we prefer to make as much use as possible of steel.

Mr. Mather.—You think that the proportion of wrought iron you are now using for wagon building is essential?

Mr. Cochran.—My experience is that it has been cut down to as far as we possibly could.

Mr. Mather.—If, in order to give effective protection to small steel bars, it was necessary to put a protective duty on wrought iron, the effect of the total increase in the duties would be still greater than Rs. 508?

Mr. Cochran.—That would increase the cost of the wagon further as no increase is allowed by us on wrought iron.

Mr. Mather.—There is just one other point on which I would like your opinion. Have you any agreement with Tata's for the supply of steel either at a fixed price or at a definite scale for a period of years?

Mr. Cochran.—We had fixed contracts for a year at a time, but recently we have worked with the price based on the English price landed here.

Mr. Mather.—If an increase were made in the import duty on steel that would affect the price that you pay to Tata's?

Mr. Cochran.—Yes.

President.—I should like to refer again to the communiqué of the Government of India. I don't know whether I have clearly understood the Company's attitude, but as far as I can judge it seems to be this. The communiqué did two things, (1) it declared a policy and (2) it provided means to carry out that policy. The communiqué begins "The Government of India have recently had under consideration methods of making India more independent of outside sources in the supply of railway material." Then they announce that they are going to purchase 3,000 wagons annually in India subject to certain conditions. What the Government are anxious to do, it says, is to establish "on a solid basis in India the industry of wagon construction and at the same time the manufacture of materials for this industry by means of a steady stream of orders for wagons." That is the policy. Then they say "While at the present time they could not with safety go further, they believe that the guarantee now given will be sufficient for the purpose they have in view." I take it that your attitude is that you do not accuse the Government of India of having broken the guarantee, but of having abandoned their policy when the method adopted to give effect to the policy proved ineffective.

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* *Vide* Statement III (D).

Mr. Cochran.—When they gave a similar guarantee to the Loco people they altered the terms. They said that in the case of the locomotives the prices in the case of tenders made in India must compare not unfavourably with that of the imported article, but in our case they have said that it must be the price of the imported article.

President.—The manufacture of locomotives is an entirely new thing and the manufacture of wagons is not.

Mr. Cochran.—That made conditions very difficult for us.

President.—I think in the papers you have sent to us, you mentioned the fact that in last year the next lowest satisfactory English tender exceeded the lowest tender by £100,000? Have you seen the actual figures yourself?

Mr. Cochran.—That is what we understand. We have not seen the actual figures.

President.—Would that make a difference of 33⅓ per cent. per wagon on 3,000 wagons?

Mr. Cochran.—It would if all these tenders are for the same number of wagons. We are not sure about that, because our tenders distinctly say that the greater part of these wagons must be manufactured in India, and the English people could not possibly do that. We quote for a finished wagon.

President.—That is hardly my point. All the British manufacturers were tendering under the same conditions.

Mr. Cochran.—They presumably do, and therefore we are compared with the lowest British tender.

President.—Unless we know what quantity of wagons was tendered for in each case, the difference of £100,000 between the lowest British tender and the next lowest does not help us. We can't say what it means per wagon.

Mr. Cochran.—Unless we have seen the actual figures we cannot say what it is.

President.—3,000 is the total number of wagons for which tenders were called for last year?

Mr. Cochran.—That was the number in the tender form that we received. They might have asked for more than that. In the tender they asked for 1,031 wagons of A-1 type. We know that one railway company alone has ordered 3,500 of that type.

President.—You told us yesterday that in the year before the war, 1913-14, the prices quoted for a British manufactured wagon was Rs. 2,750.

Mr. Cochran.—We were offered a contract for wagons at that figure.

President.—Having regard to the increase in prices and wagons generally in England, what figure would you approximately give as the figure that would correspond to Rs. 2,750 in 1913-14?

Mr. Cochran.—Between 60 and 70 per cent.

President.—That is having regard to the general rise in prices?

Mr. Cochran.—Yes, taking conditions generally.

President.—But, having regard to the condition prevailing in the iron and steel trade, do you think the increase would be as high as that? That is to say, if the cost of 1913-14 (Rs. 2,750) was a fair price for a wagon, what would be a fair price in 1922-23 having regard to the duty?

Mr. Cochran.—60 per cent. more, but this does not include any allowance for the extra cost due to duty.

President.—That would bring it to something like Rs. 4,200?

Mr. Cochran.—Yes.

President.—I intended to ask you whether you regard the second lowest British tender also as a dumping price. But, of course, until you know the actual number of wagons you may not be able to answer that question.

Mr. Cochran.—I have to see all the tenders before I can answer that question.

Mr. Mather.—In view of the difference between most of the English prices and the Indian price, have you any evidence that there is any sort of ring on the part of British manufacturers to crush Indian manufacture?

Mr. Cochran.—We know that the Indian Standard Wagon Co. has really made the first serious attempt to compete with them on a large scale. Any other competition that they had before had really been very slight—which could never have expanded into supplying the whole of India's requirements. But the Indian Standard Wagon Company is a very different thing. It could expand into taking up a very large proportion of the Indian wagon requirement when the railways get to their normal conditions; it might be possible to take the whole of their requirements, and as far as we know the cut in prices came in October. In the previous August, Burn & Co., Ltd., were offered a very small number of wagons—67 of one kind and 33 of another. We were offered this at the then ruling English price. We accepted that price, and 67 wagons were finished and we made a small profit. That price was different from the price quoted a few months afterwards and there was no drop in steel or drop in labour to account for that great difference within four months. The Railway Board say in their own Administration Report for the year ending 1921-22 that they were paying £840 per wagon in England, and that they had been paying in the year previous £750 for a wagon which they are now getting for £171.

President.—Certainly there is considerable difference in the figures.

Mr. Cochran.—Those figures are correct. In some of these years we were producing wagons much cheaper than the Railway Board were getting them in England.

President.—I would now turn to the question of bounty as an alternative to the guarantee for a certain number of wagons. In answer to Mr. Ginwala, you said that the bounty might be determined by the difference between the British price and your price. Practically, how can these British prices be determined?

Mr. Cochran.—You could call for tenders for the whole of your requirements both in England and in India at the same time. That is one way, and the second is to buy exactly on the same lines and pay the Indian manufacturer a bounty equivalent to the difference between the extra cost for manufacture in India and the cost of the imported article.

President.—Is that distinguishable from the guarantee for purchasing a certain number of wagons in India?

Mr. Cochran.—It would come to almost the same thing.

President.—What I am suggesting to you is this. If we depart from the guaranteed number of wagons to be tendered for, we must necessarily come back to a fixed bounty. If you call for tenders in both countries, and find out the difference between the British price and the Indian price, the next thing you have got to decide is for how many wagons the bounty is to be paid in India.

Mr. Cochran.—We have not asked for anything more than the maximum number of wagons we can turn out.

President.—Quite clearly it should not be based on the production of one firm. Government will have to give equal treatment to all companies and probably it will be necessary to determine on what maximum number of wagons the bounty is to be payable annually.

Mr. Cochran.—In all our letters from the Engineering Association we have always discussed this as a wagon industry as a whole. We are not asking for any special treatment for ourselves as distinguished from others. What we are trying to ask for is how to get over the difference between the English price and our price under the present conditions existing in India. If you could help us in any way just to enable us to get the manufacturing prices down, it would suit us equally well.

President.—The particular point I am putting to you now is the question of bounty. What I suggest is that a varying rate of bounty is not really an alternative to the guarantee for a certain number of wagons.

Mr. Cochran.—It may almost be the same thing, but actually a different way of doing it.

President.—I can only put it to you and I shall be very glad to hear what you have to say on the subject. Supposing the Government of India adopt the proposal that, say, 2,000 wagons should be tendered for annually in India, then no doubt they will have to compare the price in the Indian tender with the price of the British manufacturers for that portion of the wagons for which tenders were called for in both countries. In effect the Indian manufacturer receives a subsidy which will vary from year to year and would be equal to the difference between the British price and the Indian price. The other proposal is of bounty varying according to the difference in price. The result is exactly the same. I just wanted to put to you my suggestion that practically it is not an alternative but the same thing put in a different way.

Mr. Cochran.—We would get the same price per wagon whichever way it is put. Probably Government would pay the same price for the wagon in each case. But if you have our proposal of the tenders you might get certain firms to manufacture cheaper than other firms in India and Government might get them cheaper.

President.—In both cases the difference is to be ascertained by tenders.

Mr. Cochran.—The lowest Indian tender under that method might be less than the difference between the Indian price and the English price on the bounty system.

President.—You said, I think, that under the bounty system the difference would be ascertained from the tenders.

Mr. Cochran.—If you call for tenders in India that has nothing to do with the English price. Under the bounty system you have got to pay each firm a certain bounty. Some firms might not be able to manufacture under that bounty and might want more.

President.—All firms will not necessarily receive orders every year.

Mr. Cochran.—Then why should you have a bounty?

President.—Would not the answer be that the bounty is automatically determined on the basis of the lowest tender? Do you contemplate that each firm will receive a different rate of bounty?

Mr. Cochran.—If you want to bring in a bounty system that is one of the greatest dangers.

President.—The ordinary way in which bounty has been regulated in other countries is to fix a certain sum per unit.

Mr. Cochran.—How would you fix it?

President.—That is what we are trying to get at. I should like to have your opinion.

Mr. Cochran.—My opinion is that there is a great difference between what we are asking for and the bounty system. Any bounty system, in my opinion, is dangerous.

President.—Let us take you on to the next stage—the Customs duties. In order to determine the amount of protection required, how are you to determine the degree of protection required? Is it on the difference between the British price and the Indian price again?

Mr. Cochran.—Customs duty is always taken now on the c.i.f. figure.

Mr. Ginwala.—*Plus* landing charges?

Mr. Cochran.—Landing charges do not come in.

President.—That is a small point. What I am getting at is this—whether it is a question of bounty or protective duty, will not Government have to come to some conclusion as to (*a*) the probable price at which wagons are likely to be imported and (*b*) the fair price to the Indian manufacturer? The difference between them will be the measure of protection required.

Mr. Cochran.—If you have a fixed duty on the whole wagon, any Indian manufacturer quoting for wagons will simply have to quote accordingly. He knows what he will have to pay extra on steel.

President.—I mean protection against the imported wagon.

Mr. Cochran.—What do you mean?

President.—I am suggesting that if the Government of India are unable to accept your proposal, one possible way of meeting it would be to put a protective duty on imported wagons.

Mr. Cochran.—In that case I take it they would compare prices as they do now. Instead of putting 10 per cent. on the c.i.f. price they would put on 33 per cent.

President.—This might be additional to the duty on the material?

Mr. Cochran.—Government in comparing our prices with the Home prices have allowed the duty.

President.—But the Railway companies do not. You see the difference it makes?

Mr. Cochran.—It makes a great difference.

Mr. Ginwala.—I think you made a mistake in your calculation of 33⅓ per cent. We worked out the cost of British wagons here at Rs. 3,500 erected and to that we added 33⅓ per cent. That brought it to Rs. 4,600: that you say is the price you have quoted. But you will be out by Rs. 508 if steel is protected to the extent of 33⅓ per cent.

Mr. Cochran.—We made it quite clear that if you raised the duty on steel, you must give an equivalent protection to us to the extent of Rs. 508.

Mr. Ginwala.—Your position is this that in addition to what Tata's get you want 33⅓ per cent.?

Mr. Cochran.—That is very near to what we want. If you take off the duties and give us our raw materials free, then it will be less than 33 per cent.

Mr. Ginwala.—You have given Rs. 508. You do not take wrought iron into account?

Mr. Cochran.—No: we understood that we were asked in the questionnaire to confine ourselves to steel.

Mr. Ginwala.—You want 33⅓ per cent. net after making allowance for whatever duty is levied on your raw material?

President.—Your proposal for a duty of 33⅓ per cent. means that about Rs. 3,500 is the price of a British wagon.

Mr. Ginwala.—There is another difficulty. A wagon is not imported as a wagon. It contains many things, for instance channels, underframes, etc. These are used for bridges also. If there was this duty of 33⅓ per cent.—assuming that the rest of the materials are also used for other purposes—how would you detect fraud?

Mr. Cochran.—I take it you will put a duty on all steel.

Mr. Ginwala.—But you want an additional duty, if duty is put on steel. You want 33 per cent. on the cost of the finished wagon. How can you do it? They do not send finished wagons; they send in parts. How would you be able to detect frauds?

Mr. Cochran.—Railway material is a definite thing by itself. What we want is this. We quote a price for a wagon which at present pays a duty of 10 per cent. If you put on 33 per cent., instead of 10 per cent., on steel we have got to pay 33 per cent. for the increased cost of steel. That increases the cost of our wagon. Suppose we quote a price to the Railway Board. When they come to compare the price with the English wagon, they will take 10 per cent. on the c.i.f. price. That will be in the future 33 per cent. on the c.i.f. price, which would give us a margin.

Mr. Mather.—Suppose your present price without duty were Rs. 150 for a ton of steel. If 33 per cent. is imposed as the duty, you have to pay Rs. 200 for your steel purchased in India instead of Rs. 150. You could not compete with the English manufacturer on the 150 basis, and you would have a still greater handicap at Rs. 200.

Mr. Cochran.—We have calculated an increase of Rs. 508 on the present cost to meet the increased duty on steel, if it is granted.

Mr. Ginwala.—Suppose a British firm wants to tender here in India, seeing that there is 33⅓ per cent. protection on the finished article. They may say that they would pay the 33⅓ on raw materials as they come here. They may import channels of various sizes and other materials which might also be used for other purposes. You won't get the 33⅓ per cent. on the full value of the wagon in that case.

Mr. Cochran.—They cannot possibly do that. The Customs authorities will easily detect the component parts of a wagon.

Mr. Mather.—I think we may take it that when a wagon is imported, it is imported in such a form that the Customs people cannot fail to identify it as a wagon and it cannot be used in any other form.

Mr. Cochran.—Undoubtedly.

Mr. Mather.—If there was any desire on the part of the British exporter to get round the duty, he could not import it in a less finished state satisfactorily.

Mr. Cochran.—If he is going to import in such a state that the Customs people cannot recognise it, then he will have to do a lot of building here.

Mr. Ginwala.—Why should he build it? Suppose he tenders for 500 wagons. He will get 500 sets of wheels and axles, so many tons of channels, plates, etc., of various kinds.

Mr. Cochran.—He will have to build a workshop to fit these together.

Mr. Ginwala.—Do you mean to say that these various materials that are used for wagons cannot be used for another purpose without further machining? I think there are many things there which can be used for other purposes.

Mr. Cochran.—The underframe is imported here practically finished. It cannot be used for anything else except for wagons. Your idea is that they would invoice materials as channels or angles, etc. I do not think that can be done.

Mr. Ginwala.—I want your advice. Do you think it cannot be assembled here?

Mr. Cochran.—If he does not do the work in his workshop at Home, he will have to do it here, and in that case he is exactly in the same position as we are.

Mr. Ginwala.—So you are satisfied that this cannot be done. In some cases when the tax on the finished product is high, then the component parts are brought in this way.

President.—Now as regards the cost of production. We have already referred to it several times. First of all as regards this analysis of the pre-war and post war cost of materials, I think that this form is very nearly what we want. (President shows the form he prepared.)

Mr. Cochran.—We can give you that.*

President.—Then as regards the comparison with the British manufacturer, the important point is the difference between his total price and the price of materials. If you will mention in the analysis for what purposes the various kinds of steel are used that will also be helpful.

Mr. Cochran.—We shall give you a detailed list of the fittings and their actual cost.

Mr. Mather.—Would that include vacuum brakes and so on?

Mr. Cochran.—The vacuum brake is a patent and there is nothing for comparison.

Mr. Ginwala.—If you will give details on either side that will be complete.

President.—You might give for each year the total of these various items of material and also the total cost of the wagon. As regards your own cost of production, do you wish us to take the figures you quoted to the Government of India last year or any lower figure?

Mr. Cochran.—I think we should stick to the price we quoted to the Government of India last year.

President.—If you would like to amplify at all as regards your own costs, then we would like to have also the direct labour charges and other labour charges very much as you have analysed it in the chart† that you have sent in with your representation, perhaps in a little more detail.

Mr. Cochran.—That chart gives figures based on the costs of last October.

President.—The chart shows figures varying according as production rises from 500 to 3,000 wagons. Your cost was Rs. 5,100 last year: on what outturn is that based?

Mr. Cochran.—That was based on an outturn of 1,000.

President.—That will be another point to be cleared up when sending your statement.

Mr. Ginwala.—Does the cost noted in the chart include depreciation, etc.?

Mr. Cochran.—It includes depreciation and everything.

Mr. Ginwala.—Will you give it to us in the form of a table.

Mr. Cochran.—We have all our figures from which we made the chart. They will give you the details.

Mr. Ginwala.—If you are making them of the same type, the cost of production will be still less? Suppose you tender for 1,600 wagons split up into different types—

President.—Do you assume in this table that the wagons are of the same type?

Mr. Cochran.—We have assumed that they are of one type. If you have many different types that will reduce your output. The type question affects it all very considerably.

President.—Personally I doubt very much if we can proceed much further until we get that cost of production. If everybody has got the figures before them, we can all follow the discussion and understand what we are talking about.

Mr. Cochran.—We will give you everything you want.

Mr. Ginwala.—If you could work it out on a year's output—

Mr. Cochran.—We will do it on a year's output.

Mr. Ginwala.—You distribute the whole of the depreciation over your output?

Mr. Cochran.—That comes in as part of our working expenses.

President.—You first make up your mind as to what is a reasonable rate of depreciation of your plant and machinery and divide it by the number of wagons.

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* *Vide* **Statement III (D).**

† **Appendix to Enclosure No. 6 of Statement I.**

Mr. Cochran.—We take the depreciation we have to allow in one year and we divide that by the number of wagons turned out.

Mr. Ginwala.—In that case one wagon may get less and another may get more. That is what I wanted to know particularly.

Mr. Cochran.—You really want what is in the chart to be put on a definite output in the form of a statement with a little more detail.

Mr. Ginwala.—I should also like you to give us some idea of the economies that you expect to make in your cost of production.

Mr. Cochran.—The chief economy would be in bringing the cost of labour down.

President.—Do you think that the wages of labour in the neighbourhood of Asansol is excessive? Do you think it is a special difficulty in Asansol or is it the ordinary difficulty of all industries in India?

Mr. Cochran.—It exists all over India but it is worse at Asansol.

Mr. Ginwala.—What is the percentage of the labour to the cost of the whole wagon?

Mr. Cochran.—It is just over 10 per cent. and it was under 9 per cent. in pre-war times.

Mr. Ginwala.—Do you think that you could bring it down to 9 or 10 per cent. when labour conditions improve? As it is, it only bears a very small proportion to the cost.

Mr. Cochran.—But it adds a good deal to the cost of the wagon. If the industries in India should go ahead, we must be able to bring the labour charges down. In England, labour and charges for everything else have gone down since the war, and nothing has come down here. In fact freight and other charges have gone up.

Mr. Ginwala.—In England there is always a constant supply of skilled labour; whereas here you have not got that and you have constantly got to train your labour. Therefore the demand for skilled labour increases as the industry advances.

Mr. Cochran.—What is going to happen is that some of the companies are going to shut up if they are not given help, with the result that there will be more labour available for the old ones.

Mr. Ginwala.—I hope that such a calamity will not happen. You cannot compare English conditions with Indian conditions of labour. Here the chances of your reducing wages of labour are not as good as they are in England, because here you have more demand for skilled labour as the work increases.

Mr. Cochran.—Indian wages went up during the war in the same way as they did in England, and they have got to come down in the same way as English wages have come down.

President.—An increase in the efficiency of labour would presumably produce the same result. It is not so much that you want to pay the men less as to get more work for the pay you give them.

Mr. Cochran.—What has happened now is that we are paying more for less work than in pre-war days. If you are not turning out the amount of work for the wages you pay, your charges and expenses become very heavy on each individual job.

Mr. Ginwala.—There is no other direction in which you can look forward to effect economy?

Mr. Cochran.—There is coal. The price is much too high in India. Then there is the railway freight. In sending our materials either from Tata's or from here we are paying 88 per cent. more than we were paying in pre-war times.

Mr. Ginwala.—If all these industries get protection with the shortage of wagons and locomotives the chances are not very favourable for the freights to go down.

Mr. Cochran.—The railways spend a lot of money and they raise their freight. We also complain of the very heavy increase in the charges of the Port Commissioners. It used to cost us Rs. 1-14-0 a ton to land our cargo from the steamer and put it in our works. It now costs us Rs. 5-8-0. It is a very serious rise.

Mr. Ginwala.—I think you can add these particulars in the statement you are sending us.

Mr. Cochran.—This applies not only to the Standard Wagon Co. but to industries as a whole. Everybody is charging you more for what they do for you, but offering you less for your finished goods.

Mr. Ginwala.—Is there any other direction in which you expect economy?

Mr. Cochran.—Cheap steel.

Mr. Ginwala.—What about the value of money? Is money much dearer now than it ought to be?

Mr. Cochran.—If you take the last six months it was very expensive, but at the present time it is cheap. The Bank rate is 4 per cent. We have had that now for nearly two months.

President.—You mention in one of your papers that there are 21 officers drawing Rs. 200 and upwards of whom 18 are Europeans and 3 Indians. Do you take any steps to train more Indians for some of these higher posts?

Mr. Cochran.—Our policy is that when we find an Indian able to do a job, we give it to him.

President.—Are you taking any steps to train Indians?

Mr. Cochran.—We have got 70 apprentices at our Howrah Works. I may explain that any person in our employment can rise to a higher post if he is efficient.

Mr. Mather.—Are these apprentices of yours with reasonably good previous education? I mean will their preliminary education help them to rise?

Mr. Cochran.—We take boys from the technical schools. We take no apprentices until they pass a preliminary examination.

President.—What is the age limit?

Mr. Cochran.—Under 19.

President.—How long does the apprenticeship last?

Mr. Cochran.—Five years.

Mr. Ginwala.—Do they get any increase in pay during apprenticeship?

Mr. Cochran.—They get an increase in pay each year. Three nights a week they have to attend the evening Technical class. This is compulsory. This is the arrangement existing in Burn and Co.'s works. The Standard Wagon Co. have not come to a stage when they will be able to open a technical school.

Mr. Ginwala.—Would the Standard Wagon Co. have facilities for drawing on these men if they need them?

Mr. Cochran.—Yes.

President.—Among the posts carrying a salary of Rs. 200 and upwards in the Standard Wagon Co., are there many involving much technical skill?

Mr. Cochran.—The foreman in charge of the shop is a man trained in Engineering.

President.—What we want to get at is, if the apprentices do well, have they any chance of rising to any of these higher posts?

Mr. Cochran.—Yes.

Mr. Mather.—Are you giving to these apprentices the kind of training in the works which a European foreman in your works would have received when he was an apprentice in the workshops in England?

Mr. Cochran.—Yes. Exactly the same.

Mr. Ginwala.—Have you got any Indians in charge of departments in your works?

Mr. Cochran.—We have not any in the Standard Wagon Co. but have several in the Howrah. We have three or four in our Technical departments here; in the Drawing Office, etc., there are about ten drawing more than Rs. 200. We have also got a good number of Anglo-Indians.

Mr. Ginwala.—Is there any difference in pay for the same jobs?

Mr. Cochran.—You mean difference in pay between European and Indian? We give the same pay for the same kind of work, no matter who does it. All we want is the result.

Mr. Ginwala.—Then you don't expect to economise by Indianising your services.

Mr. Cochran.—I do not think there can be much economy in that line.

President.—If a man is imported from England it usually happens that he is brought out for special jobs and he expects more than he would expect in his own country. That is the argument. That does not apply to you, I understand.

Mr. Mather.—Even though you pay an Indian the same pay as a European, you would have subsidiary expenses in connection with the European—Home leave, passages out and things of that kind. You will not have the same things with an Indian and you might effect a small economy in that direction.

Mr. Cochran.—The Indian might make a lot of mistakes. He might not be able to turn out as much work. He might increase the working expenses.

Oral evidence of Mr. A. COCHRAN, C.B.E., of Messrs. Burn & Co., Ltd., Howrah, recorded at Calcutta on the 21st September 1923.

President.—When you came last on behalf of the Standard Wagon Company we asked for certain additional information in connection with wagons. Can you let us know when you expect to give us that information?

Mr. Cochran.—I finished the statements last night and they are now being typed. I shall let you have them on Monday or Tuesday. The figures for 1913 took a lot of looking up.

President.—I only wanted to know when you are likely to give us that information.

Mr. Ginwala.—I think we have not got sufficient evidence at present as to how wages have increased in the various industries. Can you give us any information as regards that?

President.—Do you mean in connection with wagons?

Mr. Ginwala.—Wages generally, in your Howrah workshops. If you can give information as to how wages have increased from pre-war days it would be helpful. Take your wagon building department, for instance. It would be a very valuable information not only for the purposes of your particular industry but for the whole enquiry to some extent.

Mr. Cochran.—Do you want the total wages we pay?

Mr. Ginwala.—Take, for instance, the different types of labour you have, say, the foreman class and the ordinary mechanic class. You can compare their pre-war wages with the wages you have now got to pay.

Mr. Cochran.—Yes, we can prepare a statement like that.*

Mr. Ginwala.—We shall be glad, because we want to know how wages have gone up in particular industries.

President.—Before passing on from the wagon question, I notice that in answer to question 10 in the wagon department the figures you have given are identical with those given on behalf of the Standard Wagon Company.

Mr. Cochran.—That is so.

President.—You say that the estimated cost of labour and material on one A-1 Type wagon is Rs. 3,635. I can understand the price of material being identical for these companies but the wages could hardly be that.

Mr. Cochran.—As a matter of fact our labour cost a little less: the material cost a little more. The final figure is practically the same.

President.—Is it primarily on Burn & Co.'s figure or the Standard Wagon Company's figure that these figures are based, or is it an average between the two?

Mr. Cochran.—Practically both are the same.

President.—Is the attitude of your Wagon department for practical purposes the same as that of the Wagon Company?

Mr. Cochran.—The same.

President.—If we ask you to go back again in connection with the further information we have asked for, it is not necessary to discriminate between Messrs. Burn & Co., Ld., and the Standard Wagon Company.

Mr. Cochran.—No. We started on that assumption at the beginning. The whole of the information I gave you when I gave evidence on behalf of the Standard Wagon Company was based on Messrs. Burn & Co., Ld., because the Standard Wagon Company has just commenced and it has no history of its own.

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* *Vide* Statement No. II (E).

President.—I just wanted to make that point clear. Let us now turn to the Engine Shop Department. In answer to question No. 2 you say that you manufacture Railway, Irrigation and general engineering material. Would it be possible to give a complete enumeration because I imagine you have a varied class of outturn, under each of these heads. Take railway material, for instance. What sort of materials do you make?

Mr. Cochran.—It comprises everything.

President.—What we are concerned with, of course, are things which are mainly steel.

Mr. Cochran.—Take, for instance, what we showed you the other day when we went round the Works—gear for erecting girders. That comes under general engineering.

President.—You yourself manufacture gear of that kind?

Mr. Cochran.—That is all made in our shops. We make everything

President.—You also make these for sale?

Mr. Cochran.—We sell them to the Railway Companies.

President.—Then girder erecting gear is one example.

Mr. Mather.—Do you include points and crossings in this department?

Mr. Cochran.—Yes.

President.—Can you mention any other things?

Mr. Cochran.—In this shop we really make everything. Any enquiry that comes for any article is executed.

President.—Under Irrigation material?

Mr. Cochran.—Sluice gates come under that: also pumps.

President.—Let us take sluice gates as an example? Are they made of steel as a raw material?

Mr. Cochran.—Steel is actually a small proportion. Speaking as a whole, steel enters into this department really in a very small proportion. Cast iron is the principal material used.

President.—To the extent that is the case we are not directly concerned with it.

Mr. Cochran.—We could not do without steel.

President.—Any increase in the price of steel will not affect this department as it will your other departments? In this department are there any articles which are mainly steel?

Mr. Cochran.—I don't think there are because, if there is anything that is mainly of steel, it would be in the structural department.

President.—I don't quite understand your answer to question 10.

Mr. Cochran.—That applies to the old duties which used to be the same both on machinery and on steel, but when they put up the duty on steel they did not put up the duty on machinery. Machinery was free for a great many years.

President.—There has been a recent alteration in the definition of machinery which has the effect, I think, of including as machinery a good many articles which were previously excluded.

Mr. Cochran.—Certain machinery such as cotton and agricultural machinery come in free. Prime movers paid 2½ per cent.—the same as steel. What has done a good deal of harm is when they raised the duty on steel they did not raise the duty on machinery. They proposed to do that but they have never done it.

President.—Do you manufacture machinery in this department?

Mr. Cochran.—We make winding engines, winches, etc.

President.—Is steel the principal raw material for any of these.

Mr. Cochran.—Not the principal, but it is used. We have got to pay 10 per cent. on the steel we use on that job while the whole machine pays only 2½ per cent.

President.—The question of machinery is a difficult question and to a large extent it is a separate question which has not been referred to us. It is only in so far as it is linked up with steel it is of immediate interest to us.

Mr. Cochran.—If the duty on steel is going to be raised any more, then we want you to do something for machinery.

President.—If you want to raise that it is necessary that you should specify what machinery exactly you are thinking of.

Mr. Cochran.—It would mean a list of every machine that we have been making in the last 15 or 20 years. No, two of them are the same.

President.—There is a very miscellaneous demand?

Mr. Cochran.—Yes. I don't think that we could give any percentage of the amount of steel we use in these machines. It varies with the type of the machine.

President.—If that is so it really increases our difficulty of handling the question now. It affects the general question as to the proper policy in regard to machinery and it cannot be taken as a side issue when we are dealing with steel.

Mr. Cochran.—I quite agree.

President.—Your answer to question 11 is "We consider that Government should place sufficient work of this class in the country at competitive prices. If this was done no further help would be required." This is analogous to the proposal put forward in the case of the wagon industry. It is quite a feasible plan in that case because the requirement of wagons can to a large extent be calculated beforehand. How far is that true in connection with the products you make in the general Engineering department?

Mr. Cochran.—What we say is that orders are placed in England without any enquiry being made in this country by the Stores Department.

President.—I think the remedy for that would be some amendment of the general stores purchase system.

Mr. Cochran.—That is what is required.

President.—Simultaneous tenders in India on a rupee basis would be the best solution, but the suggestion you actually make in answer to question 11 is rather different. Take one of the examples you have given—railway material, girder erecting gear. You could not expect a guarantee from Government that they will purchase a certain number of gears each year.

Mr. Cochran.—We do not mean that. If they do require any they should give the local firms a chance. Some of the railways do it and others do not. What we say is that a very large proportion of orders are placed in England when the articles could be made in this country. The price might be more favourable here.

President.—You mean tenders are not called for at all?

Mr. Cochran.—We never hear anything about them.

President.—Then the first step would be that tenders should be called for.

Mr. Cochran.—We have been asking for that for a long time.

President.—But you have not been able to obtain any satisfaction?

Mr. Cochran.—No.

President.—Really what you are thinking of in your answer to question No. 11 is not so much a guarantee that a certain quantity of each class of articles will be ordered in India annually, but simply that you should get a fair share of the orders that are going to England?

Mr. Cochran.—Yes. If this is done we would be getting sufficient work—in fact there would be ample to keep all firms going.

President.—From which of the Railway administrations do you actually get orders for railway goods that you manufacture in this country?

Mr. Cochran.—The Bengal Nagpur Railway, the East Indian Railway, the Eastern Bengal Railway, the North Western Railway and the Oudh and Rohilkhand Railway. It is with the Railway Companies in the north that we do a good business generally.

Mr. Mather.—Do State-worked railways give you the same facilities for tendering as British firms? I notice that the three State railways do give you orders.

Mr. Cochran.—I think in this sort of work we get more orders from the Company railways. We tender for everything they ask for. As regards the State Railways we know that they get a lot of materials from Home for which they never call for tenders here.

President.—There is this difference that the State Railways are subject to the Stores Rules whereas the Company railways are not.

Mr. Cochran.—That is so.

President.—So that the fact that on the whole you get more orders from the Company railways than the State Railways is an indication that you can compete?

Mr. Cochran.—This proves that our price is right and we can give satisfaction.

Mr. Ginwala.—I would like you to tell me whether you have imported any axle boxes recently?

Mr. Cochran.—Yes.

Mr. Ginwala.—Can you give us the price at which you imported them?

Mr. Cochran.—I have not got it here but I can send it on to you.* Do you want a comparison of the prices of the railway axle boxes that are supplied to us from England and our prices?

Mr. Ginwala.—I understood that there was a difference of Rs. 3-6-3 and we want to verify that.

When enquiring into these miscellaneous things in which you use steel we are faced with one great difficulty and I should like you to assist us in this respect. The difficulty is that we cannot get any figures to ascertain how much steel is used for these various articles which are manufactured in the country and how they are likely to be affected by any imposition of duty on steel. So far as you are concerned you have given that information no doubt. But this industry is not confined to your firm. There are various firms but unfortunately they have not come forward to give us information. Can you suggest any way in which we can get that?

Mr. Cochran.—I expect that the Secretary of the Engineering Association may be able to tell you the quantities required in respect of the firms constituting that Association. Most of the leading firms in Calcutta will be able to give you this information.

Mr. Ginwala.—It is a much larger issue than you are inclined to think. The Railways themselves use a lot of steel in their workshops. Then there are a number of workshops like yours—Richardson & Cruddas in Bombay. We don't know whether there are any in Madras. There are in Karachi and Delhi, but we have not received any information from them so far. If you can put us on to any big firm which will give us information like that, it will be very useful.

Mr. Cochran.—There is no reason why the Engineering Association should not give it for all their members.

Mr. Ginwala.—You have been following our proceedings and you know how few people interested in steel have come forward to give evidence before us. Therefore the position is more difficult than it ought to be. With reference to your answer to question No. 2, can you give us figures of the various customers of your products for, say, a year? The principal customers, I take it, are the Railways and the Public Works Departments.

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* *Vide* Statement No. II (G).

Mr. Cochran.—The work is divided out between our various departments, and it will take some time to give you the figures.

Mr. Ginwala.—We are in no great hurry. You have given us the total quantity used by you. If you can give us the value of the total output in this department we will know what proportion the additional duty, if any, bears to the 2,500 tons you use.

Mr. Cochran.—We have given you that.

Mr. Ginwala.—You have not given us the total value of the work done in this shop. That will be sufficient for our purpose.

Mr. Cochran.—Some parts of the work are done in one branch and some in another.

Mr. Ginwala.—It would be unfair for us to ask you to go into the details of what you manufacture, but this will give us an idea of the proportion steel bears to the total cost of production.

Mr. Cochran.—I don't think we can give you the information. We can only give you figures of the business as a whole. The steel might be in one shop, the work might be done in another shop.

Mr. Ginwala.—You don't keep these departments separate? They are branches of the whole works?

Mr. Cochran.—The orders are carried out in all branches. It is a very complicated business.

Mr. Ginwala.—I understood these were separate departments independent of one another.

Mr. Cochran.—It is really a central department for all the departments in Howrah. The figures might be very misleading. We can give you the figures of the whole steel we use in a year. We have given you approximately the amount of steel that we use in each department, but it is quite impossible to give you the value of steel in each department. We can only give you figures of the Company as a whole. For us to say if the duty on steel were raised, how much it would affect one shop is impossible. It might not affect certain industries.

Mr. Ginwala.—In materials in which you use a small quantity of steel it might not affect you but in others it might.

As regards the answer to question No. 10, can you give us a concrete instance in which this disparity between the duty on machinery and the duty on steel proves to be a hardship upon the local industry? Taking anything typical, say the winding engine.

Mr. Cochran.—If that is imported now from England, we have to pay 2½ per cent. duty.

Mr. Ginwala.—What would be the cost of the machine?

Mr. Cochran.—Rs. 7,000 to Rs. 8,000.

Mr. Ginwala.—Suppose you manufacture it here, how much of it will be steel? There may be other materials which might be taxed. In regard to cable manufacture, component parts are said to be paying more than the finished products.

Mr. Cochran.—There is 3 per cent. steel in a winding engine, the rest would be cast iron and brass.

Mr. Ginwala.—There is a duty on cast iron.

President.—I take it a duty on cast iron practically does not matter?

Mr. Cochran.—Practically no cast iron comes in from outside on this side of India.

Mr. Ginwala.—Is it more or less the import price of the material? There must be some slight difference, but the local price must tend to correspond to the import price.

Mr. Cochran.—What do you want? If we take steel at 30 per cent. on the winding engine?

Mr. Ginwala.—Take raw materials on which you have got to pay 10 per cent. duty to produce the finished article. The finished article comes and pays 2½ per cent. You ought to be able thus to show the absurdity of the position.

Mr. Cochran.—You want to take the average cost and examine it. If you raise the duty on steel how much would it increase the cost of the winding engine, that is what you want?

Mr. Ginwala.—Yes. You may take it this way. Take the landed price of the article at, say, Rs. 8,000; on that you pay 2½ per cent. duty; that comes to about Rs. 200. Then you say the cost of your raw material comes to Rs. 5,000 including steel. You say steel was 30 per cent. so that the cost of steel would be about Rs. 2,600.

Mr. Mather.—30 per cent. of the weight will not necessarily be 30 per cent. of the total value.

Mr. Ginwala.—I will take a hypothetical figure. Your steel costs you, say, Rs. 2,000 and cast iron Rs. 1,000: the total comes to Rs. 3,000. You may work on the actual on any particular article you like. You have got to pay 10 per cent. on Rs. 3,000 and you pay Rs. 300 duty on that, whereas the whole finished product carries only a duty of Rs. 200 at the rate of 2½ per cent.

Mr. Cochran.—We shall give you this on the basis of a winding engine.*

Mr. Ginwala.—You are asking for something the result of which would be very difficult to ascertain. You say that if the duty on steel is raised to 33⅓ per cent., the duties on machinery and general engineering plant should be raised by an equivalent amount. Have you seen the figures recently of the importation of machinery in the Review of the Trade of India in 1921-22? Of course they don't give us details.

Importation of machinery and mill work amounted to 34 crores of rupees in 1921-22, in 1920-21—23 crores. Besides that, of course, much would be included in hardware also and in Railway plant. To give you one or two instances, railway plant alone comes to 21 crores and hardware to 6 crores.

Mr. Cochran.—How much does it leave for machinery?

Mr. Ginwala.—

Machinery—34 crores
Railway plant—21 crores
Hardware—6 crores

about 60 crores in all. You have to make out a very good case for taxing machinery in this way. You will have to show that a substantial proportion of this machinery can be manufactured in India and you have got no figures as to the state of the industry as a whole.

Mr. Cochran.—You are practically shutting out the facilities for importing one thing and making another.

Mr. Ginwala.—We quite appreciate that, but it seems to be a very difficult position.

Mr. Cochran.—That is the trouble you are getting into when you start this idea of protective duty.

President.—The question would then arise what the total Indian production of machinery was, and what proportion it bears to the demand.

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* *Vide* Statement No. II (H).

Mr. Cochran.—There are no figures that I know of.

Mr. Mather.—The Indian Engineering Association would perhaps be able to give us an idea of that.

Mr. Cochran.—Of the steel used—not of the machinery.

Mr. Ginwala.—We have been through the Government publication (Large Industries in India)—there, of course, may be a considerable number of industries which have not been included there—and it is very difficult to find out what amount of machinery is manufactured in the country.

Mr. Cochran.—It is not very much and it has been much less since there is this difference in duty, because it does not pay.

Mr. Ginwala.—There is an alternative to that. Supposing the quantity of steel used in proportion to the requirements of the country was small, there may be a way of giving assistance by bounties. Even there, we must know approximately what it is going to cost.

Mr. Cochran.—You cannot possibly give bounties to miscellaneous articles.

Mr. Ginwala.—So far as the use of steel is concerned. I am not talking now of the protection of the industry as such, but the protection of the industry to the extent to which it is affected by an increased duty on steel. One of the ways of meeting it would be by bounties. But we must know the total quantity of steel used.

Mr. Cochran.—You cannot get that figure. Any figure that is given may be 50 per cent. higher or lower.

Mr. Ginwala.—Then it will be a sort of plunge in the dark.

Mr. Cochran.—If we have figures it would vary from year to year, and month by month.

Mr. Ginwala.—In answer to question 11, I understood you to say that, even where the articles manufactured by you were of the same quality and where the prices were the same, you did not get orders.

Mr. Cochran.—As regards wagons.

Mr. Ginwala.—What about the articles which you manufacture in this department of your works? You say you did not get orders even when you could manufacture the articles.

President.—Mr. Cochran said in reply to my question that his firm seldom got a chance of tendering.

Mr. Ginwala.—Whenever you get an order you generally get the price at which the article can be imported, or do you receive any favourable terms?

Mr. Cochran.—We don't know: we are asked to quote and we quote.

Mr. Ginwala.—Is it the general practice that unless, of course, in the case of an emergency when they want an article on the spot, they pay you the price for which they can import the article.

Mr. Cochran.—What I told you was that we should like to get all the orders against Home competition if we get an opportunity of tendering. But this is quite different from the wagon question.

Mr. Ginwala.—What differentiates this from the wagon question?

Mr. Cochran.—This is engineering: you are asked to make one special thing.

Mr. Ginwala.—Do you have any natural advantage in this Department over the British manufacturer?

Mr. Cochran.—We have Indian pig iron: that is one of our great advantages.

Mr. Ginwala.—What else would you suggest?

Mr. Cochran.—Freight on the materials coming out from Home.

Mr. Ginwala.—In this department have you any special difficulty as regards labour?

Mr. Cochran.—Not so much as in the rest of the works.

Mr. Ginwala.—In this department is labour more easily available?

Mr. Cochran.—Labour in Howrah works is better trained as a whole than most labour in India.

Mr. Ginwala.—Is there in this department a greater percentage of Indian labour?

Mr. Cochran.—Practically all are Indians: we have got only three European foremen.

Mr. Ginwala.—To what do you attribute this scarcity of orders? Of course, you referred to the Stores Committee's Report. What proposal do you make?

Mr. Cochran.—We want simultaneous tenders called for everything Government wants in India—rupee tenders. The only things to be ordered from Home should be those which we cannot manufacture here.

Mr. Ginwala.—Would that apply to big orders?

Mr. Cochran.—We want to apply it to all orders; we don't know what is going Home.

Mr. Ginwala.—In the case of, say, a big engine that is all right. But suppose some small spares are required by the railways in a hurry. In that case it would be difficult to call for tenders.

Mr. Cochran.—All these small articles are purchased in the country now. Big railways like the East Indian and Eastern Bengal Railways call for tenders for these small things. They have got so many firms in Calcutta in their lists and they also call for general tenders.

Mr. Ginwala.—Is it a general tender which sets out different articles?

Mr. Cochran.—It is a separate tender in the case of each article. Suppose they want some special bolts. They call for tenders for these locally. The same is the case with cast iron pipes and so on.

Mr. Ginwala.—Then is each firm required to quote for these things? Do they say that they require such and such quantity a year?

Mr. Cochran.—We have no particulars about that. But generally they call for tenders and most of the articles are supplied by the country.

Mr. Ginwala.—Then you must be getting offers from them.

Mr. Cochran.—We are getting them every day.

Mr. Ginwala.—Then what is your complaint?

Mr. Cochran.—Our complaint is about big things, such as wagons, cast iron sleepers, etc.

Mr. Mather.—Are cast iron sleepers imported to any extent?

Mr. Cochran.—To a large extent.

Mr. Ginwala.—You have a sort of catalogue of things you manufacture.

Mr. Cochran.—We have got a complete list showing everything manufactured in India published by the Indian Engineering Association.

Mr. Ginwala.—Is that list sent out to all firms?

Mr. Cochran.—Yes.

Mr. Ginwala.—Can you send us a copy of it?

Mr. Cochran.—Yes. I sent you a green book containing our articles of manufacture.

Mr. Ginwala.—You show there only finished products. The point is that there are many articles that you manufacture which are still imported.

President.—In so far as they are made of cast iron they are beyond our enquiry.

Mr. Ginwala.—But they have got a bearing on this question. In this department, Mr. Cochran, do you use steel?

Mr. Cochran.—Steel enters into larger manufactures.

Mr. Ginwala.—We are considering the general question that even when articles can be manufactured in India the tendency is very often to import them.

Mr. Cochran.—I take it what you want to know is how much we should suggest to raise the duty on machinery if the duty on steel was raised to 33⅓ per cent. so as to leave things as they are.

Mr. Ginwala.—That is one of my points.

Mr. Cochran.—I do not know. I would not care to answer it.

Mr. Ginwala.—In this particular case you say there is no dumping because the articles are too miscellaneous.

Mr. Cochran.—There is no dumping.

President.—In the case of some of the machines you manufacture they are largely composed of cast iron. In respect of cast iron you have a very distinct advantage as compared with your foreign competitor. Does not that counterbalance to a large extent the difference in the rate of duty on manufactured steel and on steel?

Mr. Cochran.—Our position in India in this class of work is much better than some others. That is one of the things that helps.

President.—What it comes to is this: in the Tariff system there is an illogicality which operates to your disadvantage. In this particular work there are other circumstances which operate to your advantage.

Mr. Cochran.—I can say it is not so much to our disadvantage.

Mr. Kale.—You have been complaining that tenders are not called for in this country for certain classes of goods. How do you explain this? What is your explanation of this phenomenon that no tenders are called for in this country?

Mr. Cochran.—I put it down to this: that to start with, very little could be got in this country and Government had to import everything.

Mr. Kale.—You say you are prepared to supply a large quantity of such goods as are now supplied from England. If that is so, why should not tenders be called for in India unless there is a disparity in price?

Mr. Cochran.—That is what we have been asking for from the Government of India for the last 20 years. If you will read the papers in the correspondence between the Indian Engineering Association and the Government of India that we have forwarded to you, that will explain the state of things. We have not got Government to admit yet that they will call for simultaneous tenders in this country.

Mr. Kale.—Do you mean to say that if the present policy of the Government of India with regard to stores purchase were suitably modified, you would get many of the orders which are going to England now?

Mr. Cochran.—If the policy is changed in the way in which the majority of the Stores Committee recommended things would be much better in this country.

Mr. Kale.—I think they recommended that the Indian Stores Department should be extended and many of the purchases which are now being made in England should be made in this country. If that recommendation is given effect to, then you think you would be able to supply many of the orders which are now going to England, and you would be able to quote the same prices. Suppose tenders are called for in this country. Do you think you would be able to quote the same prices as are quoted to-day by your British competitors?

Mr. Cochran.—In some cases we would be able to quote much lower prices.

Mr. Kale.—So that it would be advantageous both to the Government on the one side and the manufacturers on the other.

Mr. Cochran.—Yes. That is what we say.

Mr. Kale.—You say in answer to question No. 9 that you meet with severe competition from the United Kingdom. Do you mean to say that the prices have been very largely reduced?

Mr. Cochran.—For the last two years the competition on some articles has been very keen indeed.

Mr. Kale.—Do you feel that those prices, which are quoted, do not leave a decent margin of profit to the manufacturer in England?

Mr. Cochran.—So far as we know labour charges and cost of materials, etc., have not gone down, and the prices they quote do not appear to leave a margin of profit.

Mr. Kale.—If they were to make their usual charge for profit and so on, you would have no complaint to make in regard to prices. You are complaining because they are practically selling at cost price and even below that?

Mr. Cochran.—They are up against this, that they have no work, or very little work, for their labour and in order to keep the work going they want to get at least the cost of materials and labour instead of closing down altogether.

Mr. Kale.—If things return to the normal condition you would have no fear of competition? Would you require protection in that case?

Mr. Cochran.—The ups and downs in prices has happened before. It is not new.

Mr. Kale.—May I take it that you will not claim any protection if things return to normal conditions?

Mr. Cochran.—For what we call general engineering things we would not want protection.

Mr. Kale.—Would you require protection only to the extent to which the raw materials were raised in price on account of a policy of protection?

Mr. Cochran [illegible] only to that extent but we do ask for tenders to be called for in [illegible] country.

Mr. Kale.—You do not call for any special treatment there. You simply want a fair field.

Mr. Cochran.—We only want a fair field, no special consideration.

President.—Under what head of the Tariff are steamers, launches and so on dutiable at present?

Mr. Cochran.—Under clause 136 of the Tariff Schedule—a general 10 per cent. duty.

President.—The point I rather wanted to ascertain here was—take for instance flats and barges—what proportion of the total Indian demand was produced in the country and how much was imported.

Mr. Cochran.—I tried to obtain these figures but there was none that I was able to get. I should say that there are very few flats and barges imported—practically none—on this side of India in any case. A large number are imported into Burma.

Mr. Ginwala.—Not as much as before.

Mr. Cochran.—But these companies here who used to import many years ago their barges and flats either build these themselves now or get them built by us or other firms.

President.—So that is a branch of commerce in which at the present time the Indian manufacturer holds the field?

Mr. Cochran.—Certainly as regards the local district here

President.—You mean in Bengal and Assam?

Mr. Cochran.—Yes.

President.—Who are your principal customers in respect of these barges and flats?

Mr. Cochran.—The local firms, steamer companies, local shipping companies, Port Commissioners, and Government to a small extent.

President.—What is the position as regards steam vessels? What class of steam vessels do you manufacture?

Mr. Cochran.—The largest that we constructed was a steamer of 1,000 tons during the war. The usual class of steamer is the river steamer. There is no demand for sea-going steamships.

President.—What you manufacture at present is largely for river navigation and for harbour work?

Mr. Cochran.—Yes.

President.—What is the position as regards tugs? Are they manufactured in England?

Mr. Cochran.—In Calcutta and Assam very few are imported. In Burma the Irrawady Flotilla Co. imports steamers. A small number of tugs are imported for Karachi and Bombay.

President.—I take it that Burma and Bengal between them must have a very large proportion of the total Indian demand.

Mr. Cochran.—Yes. Because in Bombay, Karachi and Aden they are required only for harbour work. They have not got river traffic there.

Mr. Ginwala.—What about the Indus? I think on the Indus they have got a flotilla.

President.—It used to be very big at one time.

Mr. Cochran.—It is very small now. Before they built the railways, they had a very big flotilla on the Indus but the only steamers that are there now belong to the railway company. There is no service on the Indus corresponding to our service here on the Ganges or Brahmaputra or like the Irrawady Flotilla Co. in Burma. The railways did away with all that.

President.—In the case of launches and steamers, the cost of steel apparently is quite a small part of the total capital cost?

Mr. Cochran.—That is accounted for by machinery and boilers. They form half the cost. The other half is the hull of which the steel is 15 per cent.

President.—But in the case of flats and barges the cost of the steel is half the total cost or something more?

Mr. Cochran.—Yes, because there are no machinery and boilers there. The other half of the cost is distributed between the woodwork and outfit, etc.

President.—Is it your contention that, if the duty on steel were raised to 33⅓ per cent., the duty on flats and barges should also be raised to that figure?

Mr. Cochran.—I think probably somewhere about 15 per cent. would leave us in the same position as we are in now.

President.—Could you tell us the approximate date from which the Indian manufacturer here practically got control of the production of flats and barges in this part of the country? How long is it since foreign products ceased to come in on the whole?

Mr. Cochran.—I have been in Burn & Co. for 21 years now, and even when I first came out there was very little coming out to Calcutta from Home. Of course it is much more reduced now. Certainly it is in the last 15 years that the River steam companies changed their policy.

President.—That being so, it is difficult to estimate what advantage the Indian manufacturer has at present over the foreign manufacturer, because it is so long since there has been competition between them.

Mr. Cochran.—Here also the same thing happens as in the case of engines. We seldom get orders for two boats which are the same. If you get a boat from Home it has got to be taken down again there and put up together here when it comes out. It is a very bulky article.

President.—It is a case in which the bulk of the article is a disadvantage to the importer. You mean the work has to be done twice over.

Mr. Cochran.—This is a class of work—I mean steam launches, etc., for river traffic—in which we are in a much more favourable position. It would be quite another thing if we are building sea-going ships.

President.—That I understand. I take it that the competition in regard to sea-going ships is at present even more strenuous than that in other steel trades?

Can you tell me whether the recommendations made in the report of the Stores Purchase Committee—pages 67-71—are of a general nature or have they any special reference to steamers and launches?

Mr. Cochran.—It lays down what should be built in India, how tenders should be called for and how works should be looked after.

President.—Do they apply to all classes of stores?

Mr. Cochran.—No. To ships only.

President.—Is the demand of Government in respect of steamers, launches and so on, smaller than that of private firms?

Mr. Cochran.—It is very small.

President.—So that you naturally want the recommendation of the committee to be carried out, but it is not of so much importance in this connection as it is in others?

Mr. Cochran.—No. That was the only point on which both the majority and the minority on the committee agreed. I mean as regards shipbuilding.

Mr. Ginwala.—There is a committee now sitting enquiring into the Indian mercantile marine. Are you giving evidence before them?

Mr. Cochran.—We have not quite made up our mind whether to give evidence or not.

Mr. Ginwala.—Have you submitted a written statement?

Mr. Cochran.—There is a draft statement in preparation in answer to their questionnaire.

Mr. Ginwala.—Does that deal with steam launches? Has it any reference to small craft?

Mr. Cochran.—I do not think it has any reference to small craft. It is a Mercantile Marine Committee. I have always understood that they apply to sea-going vessels.

Mr. Ginwala.—I do not know what the conditions are in Bengal—I have not followed them in detail. But in Burma the Irrawady Flotilla Company holds a practical monopoly. They are not bound to give any orders anywhere. Supposing you put a duty of 15 per cent. on steel parts, they can, if they like, still get their steam launches from England and complete them in their own yard. They will probably transfer the additional cost to the people, so that it is impossible to make the Irrawady Flotilla Company pay out of its own pocket. Don't you see that the position is very difficult in the case of steam launches? It is more difficult than it otherwise would be.

Mr. Cochran.—Why?

Mr. Ginwala.—The main customers are people who either manufacture their own steam launches or import them. They have their vested interests in England: they have their head offices in Glasgow and other places. That is a situation far more serious than in the case of railways. Do you really think that if a duty of 15 per cent. was added, you would get orders?

Mr. Cochran.—We never had orders from the Flotilla and never expect to get any.

Mr. Ginwala.—So you are left to your Bengal companies?

Mr. Cochran.—But we can compete with them as regards building.

Mr. Ginwala.—You think you can? Do they tender for steam launches here?

Mr. Cochran.—Not here. They tender in Rangoon and Burma and so do we.

Mr. Ginwala.—Have you been able to get orders from Burma?

Mr. Cochran.—From private firms in Burma and from the railways and the Port Trust in competition with others. Of course the Flotilla Company do not exist for private people. They exist for themselves: they exist there to run a steamer service. It is not their business to build for other people.

Mr. Ginwala.—Is there any other firm here in Calcutta who manufacture launches, barges, etc., besides yourselves?

Mr. Cochran.—Messrs. John King & Co., the Hooghly Docking Company, Messrs. Turner Morrison & Co., Shalimar Works, the River Steam Navigation Co., Garden Reach Workshop. They all do exactly the same sort of work as we do here, both as regards size and quality. There are no orders for anything bigger than for use in rivers.

Mr. Ginwala.—What is the tonnage of an ordinary river launch?

Mr. Cochran.—40 tons if it is 100′ long.

Mr. Ginwala.—Are they capable of carrying passengers and cargo. Do they also do towing?

Mr. Cochran.—Launches of that kind are used for towing and they also take a few passengers. They are not really passenger boats.

Mr. Ginwala.—Don't you have the kind of passenger boats on this river as in Burma?

Mr. Cochran.—They are not as big as the Rangoon boats. They are about three-fourths of the size of those boats.

Mr. Ginwala.—In the manufacture of a steam launch of that size about half the material will have to be imported?

Mr. Cochran.—No. Ever since we have been able to get angles and plates from Tata's we use these.

Mr. Ginwala.—The boilers will have to be imported as also the other machinery?

Mr. Cochran.—We have made small boilers for two sizes of launches and three sizes of marine engines but all other sizes we import.

Mr. Ginwala.—For steam launches of 40 or 50 tons could you make boilers to fit them?

Mr. Cochran.—No. We could make a boiler for a launch of about 60′.

Mr. Ginwala.—What would be the tonnage?

Mr. Cochran.—It would only be about 15 tons.

Mr. Ginwala.—So far as these are concerned you manufacture the whole thing here. As regards the bigger sizes what have you to import?

Mr. Cochran.—Boilers, engines and auxiliaries.

Mr. Ginwala.—These would absorb about half the value of the launch?

Mr. Cochran.—Yes, and we only pay a 2½ per cent. duty on engines and boilers.

Mr. Ginwala.—The position is reversed in your favour.

Mr. Cochran.—But it does not pay.

Mr. Ginwala.—On half the cost you are getting 7½ per cent. and on the other half 10 per cent. and that enables you to compete if orders are given to you.

Mr. Cochran.—We used to compete in the old days too.

Mr. Ginwala.—Are the flats, etc., you manufacture only a very small percentage of the requirements for the river?

Mr. Cochran.—I think we get our fair share of the orders placed in a year.

Mr. Ginwala.—Can you let us have the figures of the requirements here?

Mr. Cochran.—I don't think so. For the last two years the trade has been very bad.

Mr. Ginwala.—The Port Commissioners keep registers of flats, barges, steam launches, etc.,—can they give us the figures?

Mr. Cochran.—They can give you the number that are on the river during the year.

Mr. Ginwala.—In Burma, as far as I recollect, there are two registers kept; one contains the list of boats, and, when a new boat has got a certificate, that is registered in a separate register so that you can tell pretty nearly what they are.

Mr. Cochran.—I don't know how they keep their registers here.

Mr. Ginwala.—That would give us an idea what tonnage and number of flats are required. But these figures that are available here (in the Statement of Seaborne trade for India—1921-22) they give the value of steam launches and parts of ships imported. It is a very small figure: in 1921-22—85 lakhs, 1920-21—20 lakhs and in 1919-20—27 lakhs.

Mr. Cochran.—They must be putting in some Royal Indian Marine steamers.

Mr. Ginwala.—I don't think so.

Mr. Cochran.—Is this for the whole of India and Burma?

Mr. Ginwala.—Yes.

Mr. Cochran.—Then that includes perhaps the Flotilla Company.

Mr. Ginwala.—That shows that so far as this industry is concerned there is little competition.

Mr. Cochran.—Yes. So far as we are concerned we can say there is very little. They may try and get orders but I think we can compete with them.

Mr. Ginwala.—Except to the extent to which you use local steel, there is no necessity for any further protection so far as this industry is concerned.

Mr. Cochran.—No, we don't ask for it. If we get the Stores Committee's recommendations carried out, then we shall be all right.

Mr. Ginwala.—But in respect of the steel that you use you want additional protection?

Mr. Cochran.—Yes, if you raise the duty on steel.

Mr. Ginwala.—You want the same protection or the difference?

Mr. Cochran.—We want to be in the same position as we are now.

President.—Let us be clear on this point. You said that if we raise the duty on steel you would require 15 per cent. on the finished product? It is for you to tell us what you want. It is quite conceivable that in a case of this kind your advantage over the foreign competitor is fairly considerable?

Mr. Cochran.—We don't wish you to take away all our advantages.

President.—It is for you to say, if the duty on steel is raised to 33⅓ per cent., at what rate should, in your opinion, duty be levied on imported flats and barges so that you will not be prejudiced?

Mr. Cochran.—We would ask you to put on another 15 per cent.

President.—How do you justify that?

Mr. Cochran.—On the price at which you are importing the barges.

President.—The addition is 23⅓ per cent. As far as I can see on your own figure you would not pay more than 3/5th of that. Is it 15 per cent in addition to the 10 per cent., which is already in force?

Mr. Cochran.—Yes. Another 15 per cent. to pay for the extra cost I should have to pay on steel.

President.—But on your own figure it does not justify quite so much.

Mr. Cochran.—12½ per cent. in addition taking it on the approximate rise of 50 per cent. That would make, *plus* the 10 per cent. that they are now paying, 22½ per cent.

President.—Can you give us any basis for calculating the amount of steel in a flat or in a steam launch on the basis of its tonnage?

Mr. Cochran.—No. The tonnage is worked out in a certain way to pay port dues. Boats may have very different tonnages but be almost the same size.

President.—So that in this case I take it that the duty must always be *ad valorem?*

Mr. Cochran.—Yes, there is no other way.

Mr. Ginwala.—I suppose you have got the British price for imported articles, say, a steam launch of 40 tons.

Mr. Cochran.—We have got no figures.

Mr. Ginwala.—So that there is no basis for comparison between your price and the British price.

Mr. Cochran.—What do you mean?

Mr. Ginwala.—We are considering the relative advantages and disadvantages that you have with reference to your competitors. The main competition is from the United Kingdom. Therefore we ought to be able to compare the cost. Suppose we take a 40 ton launch 100′ long, and another type that you manufacture 15 tons 60′ long. If launches of that type were imported how much would it cost against the price you quote?

Mr. Cochran.—I don't know. I have not got the figures.

Mr. Ginwala.—Nor in connection with barges and flats?

Mr. Cochran.—No.

Mr. Ginwala.—You claim that at present your rates cannot be higher than the imported price of these articles, because in that case they would be imported.

Mr. Cochran.—That is so. They are not imported because you can buy them cheaper in this country.

Mr. Ginwala.—So that to determine how much it would cost this country if we take your price and add the *ad valorem* duty we can get the British price.

Mr. Cochran.—That everybody knows.

Mr. Ginwala.—But you are not able to give us the information. May we take those as the figures which you propose for the increased duty?

Mr. Cochran.—I will work them out for you* as a typical one in each case but we may call it 15 per cent. to be on the safe side. If you put an increased duty on steel, it would raise the price of steel so much and we want to be in the same position as we are now.

Mr. Ginwala.—Will you work them out and give us the figures. In each case according to the proportion.

Mr. Cochran.—Yes.

Mr. Ginwala.—I take it the steel that you require for this particular department of yours is all obtainable in this country?

Mr. Cochran.—Now that we can get plates from Tata's, we can get everything we want for these works locally.

Mr. Ginwala.—There is no other steel that you use which cannot be had here except fittings, etc., which you will always have to import.

Mr. Cochran.—No. Fittings, etc., are made of cast iron.

Mr. Ginwala.—Have you ever made them?

Mr. Cochran.—The only thing we cannot make is chains. We make anchors.

Mr. Ginwala.—Chains require special steel?

Mr. Cochran.—Yes.

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* *Vide* Statement No. II (C).

Mr. Ginwala.—Do you deliver the launches in a finished stage—there is nothing further to be done?

Mr. Cochran.—Sometimes we send them away in pieces. We send launches as far away as Mauritius, Marmagoa and other parts, but the export is quite small.

Mr. Ginwala.—Did you tender for these orders or did they send orders to you?

Mr. Cochran.—We were asked to quote. We don't know whether any others were asked to quote.

Mr. Ginwala.—That is only as regards launches.

Mr. Cochran.—I don't think we exported any barges as far as I remember.

Mr. Ginwala.—Don't you build any of these rice and oil boats for Burma?

Mr. Cochran.—We built oil flats for Burma, but no rice boats.

Mr. Ginwala.—Is that for the Burmah Oil Company?

Mr. Cochran.—It was for the other Oil Company. That was about 13 years ago.

Mr. Ginwala.—I take it that most of your products are used locally?

Mr. Cochran.—Yes.

President.—I find that out of the 85 lakhs worth of imported ships, etc., in 1921-22 the share of Bengal was 65 lakhs.

Mr. Cochran.—I remember what it was now. They include three dredgers for the Public Works Department. That is a case in point. They could have been quite easily built here. No tenders were called for here; the orders were placed in England.

President.—The point I want to put to you about compensating protection is this. The duty on both steamers and on iron and steel was raised to 10 per cent. comparatively recently. You don't remember when the change was made.

Mr. Cochran.—It has always been the same as steel. It used to be 2½ per cent.

President.—With a 10 per cent. duty on the steamer you get an extra bit of protection which is more than compensated for by the duty on steel. What I want to put to you is this, that you cannot start on the basis that a 10 per cent. is the normal state of affairs. If you add 15 per cent. to the 10 per cent. you are really more than protected. Hitherto the duties have always been on a revenue basis: but on a protection basis your protection should be based on the price of steel. According to your proposals you will be getting more protection than is required. I think that is a point we have got to consider.

Now let us take the structural shops. Take the bridge work. Is the stuff that competes with you dutiable under the iron and steel part of the schedule or does it come under the railway part?

Mr. Cochran.—The railway stores come in free.

Mr. Ginwala.—There are two heads—railway stores and iron and steel bridge work.

Mr. Cochran.—We tried our best to get a total figure for the bridge work but could not get it.

Mr. Ginwala.—Have you got figures of imported material?

Mr. Cochran.—The Railway Board in 1921-22 purchased a crore of rupees worth of bridge work.

Mr. Ginwala.—That may be partly local and partly imported. I have got a figure here which is only Rs. 74 lakhs.

President.—I would like to go into your figures in answer to question 10. Taking it on the basis that the amount of steel in the bridge work is about ⅔ of the cost, I take it that Rs. 220 out of Rs. 336, the figure you have given, is the cost of the steel?

Mr. Cochran.—About 65 per cent. of Rs. 336. That will be the cost of steel on price per ton.

President.—May I take it that Rs. 216 represents the cost of steel in bridge work per ton.

Mr. Cochran.—What you want to know is that out of the Rs. 336, how much represents the cost of steel, and how much other things.

President.—You say assuming that duty on steel rises to 33⅓ per cent. and duty on bridge work remains at 10 per cent., your price for bridge work will be Rs. 385, *i.e.*, a difference in price of Rs. 49, which should be 23⅓ per cent. on the original cost of steel.

Mr. Cochran.—We have not got any of these figures worked out. If you take 65 per cent. of that the cost of steel will come to Rs. 218.

President.—That is very close to the figure I gave originally. If steel costs you about Rs. 218 it means that your cost of manufacture is about Rs. 118. Do you consider that the Home manufacturers are in a position to get their steel cheaper than you do?

Mr. Cochran.—Many of them are.

President.—Because, if the prices of steel are comparable, it only costs them about Rs. 68 to manufacture against your cost Rs. 118. That is a very considerable difference.

Mr. Cochran.—We will be paying duty and all these are extra here.

President.—Does the Home price include the duty on the finished product?

Mr. Cochran.—The Home price is a f. o. b. price.

President.—You compare your prices and the Home prices and you give the difference between the two. Have you included the duty on imported bridge work before making that comparison?

Mr. Cochran.—Yes.

President.—He has to pay duty on the finished product as you have to pay on the raw material and therefore the duty he has to pay is more than your duty.

Mr. Cochran.—He has not got to pay a duty on that.

President.—Does this Rs. 286 include any duty or not?

Mr. Cochran.—Yes.

President.—So for the purposes of this comparison we can take that the duty is paid.

Mr. Cochran.—Yes.

Mr. Kale.—Is that c. i. f. price?

Mr. Cochran.—Rs. 286 landed in India.

President.—Therefore your price includes duty on your steel because Tata's at present sell only at little below the price of imported steel which has paid duty. In fact you are paying duty on the steel. My point is that the Home price includes a larger item on account of duty.

Mr. Cochran.—The duty which the Home manufacturer pays is Rs. 26.

President.—The duty on steel you have to pay must be something like Rs. 20. All I am pointing out is that there is a very large difference according to these figures between what it costs you to manufacture here and what it costs the British manufacturer.

Mr. Cochran.—Of course there is.

President.—Was that so before the war?

Mr. Cochran.—It has always been so. There is more competition in girder work than in the case of wagon work.

President.—What do you ascribe the higher cost of manufacture to?

Mr. Cochran.—Labour, our higher price of coal, etc.

President.—That is why I asked you whether the conditions were the same before the war as now. You told us that, in the case of wagons, before the war you were very close to the Home manufacturer's price. Was that so in the case of bridge work?

Mr. Cochran.—No.

President.—Was the percentage less before the war or greater?

Mr. Cochran.—You mean the amount we get on the Home figure. We are worse off now.

President.—How long has this been going on? From what date after the war did the difference go up to Rs. 60 a ton?

Mr. Cochran.—The competition has only begun to get serious from last year. During the war the Home people were cut out of this work altogether. I should certainly say that it was only within the last 12 months.

President.—Have you found during the last 12 months that you have been losing a number of orders because your prices were not low enough?

Mr. Cochran.—Certainly. Since January we have not been able to get any orders for girder work because we have not been able to compete with the Home people. In August or September last year we got about nine months' work, which kept us going. But since January we have got no orders.

President.—That is to say, they have gone abroad.

Mr. Cochran.—The girders are coming from England.

President.—You say in your answer to question 10 " We require protection for these manufactures " and then in answer to question 11 you make a definite proposal as to the form which the assistance might take. It is in that form I understand that you want protection.

Mr. Cochran.—Yes.

President.—You want a guarantee of a definite tonnage of structural and bridge work in India at competitive Indian prices. Are the Government of India in a position to guarantee that? Is the amount of bridge work and structural work to be done about the same from year to year or are there wide variations?

Mr. Cochran.—I think more of this kind of work is required by the Government of India than any other, because in the Public Works Department, the Railway Department and the Army Department there is demand for structural work and bridge work and there is much more competition for structural work in this country than in anything else. I should say that in the smallest year of Government's requirement the demand would be far more than what could be done in this country, it is so big.

President.—Where a number of different departments are concerned any arrangement of that kind by which the guarantee was spread over all these departments of Government would be exceedingly difficult. There is the demand for railways, for instance. As you have only given us specific figures for bridge work I am speaking of that. My question is whether you think the railways would be in a position to give any guarantee that so much bridge work would be tendered for in India per year.

Mr. Cochran.—I think they can give it quite safely.

President.—It all depends on whether their demand is pretty steady or whether it has big ups and downs. You cannot tell us about that.

Mr. Cochran.—No, we cannot tell you about that.

Mr. Mather.—Would you be satisfied with a fixed percentage of the total requirements each year?

Mr. Cochran.—A certain amount of work must go Home, but some percentage of the orders should be placed in the country—not a fixed tonnage.

President.—There again the same difficulty would arise as in the case of wagons, that the guarantee would be given entirely by State Railways and their expenses would be raised as compared with the company-managed railways, who are in a more independent position.

Mr. Cochran.—That is an objection. There was an idea many years ago that they should place 25 per cent. of their orders for wagons in India, but that did not work.

President.—That would mean that the State Railways would pay extra sum for bridge work which the company railways would never do.

Mr. Cochran.—It will always have that trouble.

President.—But the State Railways do not want to have that trouble, that is where the difficulty comes in. What do you mean by Steel Frame Buildings [Item (c) in answer to question 4]. Do you mean steel frame for building workshops? I take it that for a work of this kind the greater part of the material you use is imported.

Mr. Cochran.—Not if we can get it from the Tata Iron and Steel Company.

President.—Does it matter to you whether you use Tata's stuff or imported stuff? Is there really as far as you are concerned any foreign competition in respect of this class of work?

Mr. Cochran.—Yes, we have continental competition.

President.—Are there firms who undertake to come to Calcutta and erect buildings, or are these buildings erected by the firm who bought the steel?

Mr. Cochran.—The work is fabricated in Belgium and then erected here by local firms. There are English firms out here who are doing big business, bridge contract for the Corporation, water pipes and so on.

President.—But a great deal of the work is actually done in this country. Do you yourself actually undertake the erection of buildings?

Mr. Cochran.—Yes, we are constructing a building in Dalhousie Square now.

President.—Then, at any rate, a part of the work must be done in India?

Mr. Cochran.—Erection must be done in India and a great deal of that consists in simply putting them into holes, lifting them, and screwing them up, practically no rivetting at all.

President.—Under what item of the tariff will the steel used for these buildings come if it is imported?

Mr. Cochran.—Steel, fabricated (Item 91). We had a lot of discussion whether manufactured steel—even if holes are bored into it—should come in at a higher duty than raw steel. It has just been cleared up and they have now laid it down that they should both pay the same duty whether fabricated or not.

President.—The duty is *ad valorem* and the amount of duty per ton of the fabricated article will be higher.

Now let us take the Water and Oil Tanks and Chimneys. Is there equally keen competition in this part of your business?

Mr. Cochran.—There is more competition; not so much from England but more local competition.

President.—Is there any particular reason why competition from abroad should be smaller?

Mr. Cochran.—I think in the case of big structures, they have got to be re-erected at Home because they are bulky and will take a lot of room.

President.—So that the freight is an efficient protection in the case of bulky articles of that kind?

Mr. Cochran.—Yes.

Mr. Ginwala.—What is the type of material you require for the construction of a railway bridge, *e.g.*, girders, channels? I want to know how much of that has to be imported and how much can we obtain locally assuming that Tata's manufacture these?

Mr. Cochran.—We expect Tata's will be able to manufacture all sections required for bridge work.

President.—If that is so that you expect, according to your knowledge of Tata's plant, that they will be able to manufacture all bridge work, that will clear up the whole point at once.

Mr. Ginwala.—What about the other items?

Mr. Cochran.—They are standard sections. Practically everything in that can be got from Tata's now. The only thing that would worry them would be that demands for some sections would be very small and it would not be economical to roll them.

Mr. Ginwala.—What I would like to know is whether the bulk of the material required by you can be manufactured locally or not?

Mr. Cochran.—They can be manufactured.

Mr. Ginwala.—How do you work out these costs. You have given us the price for bridge work per ton of the finished article: can you give us details?

Mr. Cochran.—You want to get at how much is the cost of labour and how much is material, etc. I shall work them out for you.*

Mr. Ginwala.—Your principal customers are the State Railway Department, the Public Works Department, the District Boards. Can you give us an idea as to their respective requirements in a year?

Mr. Cochran.—We shall take one year and give you the requirement of each. Do you want the value or the tonnage?

Mr. Ginwala.—If you can give both so much the better. Is there any Association here dealing with structural work only? Are there any special contractors undertaking bridge work and building work and so on?

Mr. Cochran.—Do you mean a Society. There are none except the Indian Engineering Association.

Mr. Ginwala.—In this instance we should like to know what the requirements are of steel in this country for these purposes.

Mr. Cochran.—We can give you the total amount of steel but we cannot possibly give that to you split up.

President.—You can get the total quantity of structural steel that comes in except what comes as part of railway wagons.

Mr. Cochran.—It would not come in as part of wagons.

Mr. Ginwala.—In the customs figures they put it this way—Beams, boilers, girders and bridge work.

Mr. Cochran.—I have tried again and again to get at the figures you are trying to get but we could not do that.

President.—I am afraid we will at least want some estimates.

Mr. Cochran.—I think anything but guesses will not be possible.

Mr. Ginwala.—You have given us the total quantity of steel required in each department. Can you give us the total output of each kind of work in a year?

Mr. Cochran.—Suppose we use 700 tons of steel. You want to know how much of this we use for A, B, C, D, E. We know it for a particular year.†

Mr. Ginwala.—Give us for last year. Some of the figures I have not been able to understand. The price of structural materials somehow has gone up a great deal more than in the case of other materials since the war—I mean girders, beams, etc. In this class of manufacture the prices compared to the pre-war prices are much higher than in other classes of steel products. What is the reason for it?

Mr. Cochran.—You are comparing these with wagons. They are certainly not quoting a cut price for this kind of work as they are for wagon work.

Mr. Ginwala.—Compare it with rolled steel. Is there any special reason for the difference?

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* *Vide* Statement No. II (B).

† *Vide* Statement No. II (J).

President.—I can see no difference.

Mr. Ginwala.—When I went through the figures that was the impression I had.

Mr. Mather.—I think Mr. Ginwala is under the impression that the price of structural sections has gone up more than that for roll steel in England.

Mr. Cochran.—I do not think so. There is just the same difference everywhere. There is one basic figure and everything is working on that.

Mr. Ginwala.—I may have been mistaken. I think the President has asked you to work out a way in which compensatory protection should be given to you.

President.—It is very desirable that there should be definite proposals from you in the case of each principal product as to what exactly you consider to be a fair compensating protection in the event of a duty being put on steel. Unless we get down to something definite in figures we shall be at a loss when writing our report.

Mr. Cochran.—There is not much dumping in these structural materials.

Mr. Ginwala.—The prices have not dropped here to such an extent as in others. That is what I meant.

Mr. Mather.—How much wrought iron do you use generally? I do not want the quantity sub-divided under various heads unless it is not inconvenient to you. I want to know also the amount of steel castings you use, the amount of steel forgings and how much you make from Indian steel and how much you import?

Mr. Cochran.—Do you want the information as regards wagons or general engineering forgings? About 90 per cent. of the iron we use is for wagon work.

Mr. Mather.—If you can give us the whole of the forgings you require and those you require for wagons, we shall take the rest as required for general engineering purposes.

Mr. Cochran.—We shall give you* the total amount of forgings that come out of our smithy. We import no forgings.

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* *Vide* Statement No. II (F).

Oral evidence of Mr. A. COCHRAN and Mr. J. D. BALFOUR representing Messrs. Burn & Co., and the Standard Wagon Co., recorded at Calcutta on the 2nd October 1923.

President.—We thought the best plan to begin to-day would be for Mr. Kale to open his examination. He was not present when we examined you on behalf of the Indian Standard Wagon Company. Before we come to the statements you have sent us Mr. Kale will have to put questions of a more general kind.

Mr. Kale.—Rather than take up the wagon question direct I have a few questions to ask concerning the evidence that you gave last time about your structural shops. We are practically combining the two—Messrs. Burn and Co. and the Indian Standard Wagon Co. I have not been able to understand how the British firms are able to offer their goods at such low prices. You have shown that the difference between bridge work, for instance, imported into India was Rs. 286 and your price was Rs. 335,—a difference of Rs. 50.

Mr. Cochran.—That is the very thing that is troubling us so much, how they are quoting these low prices. In the bridge work we quote two specific tenders and give the results. We have given our price and the home price both on ordinary bridge work and girder work.

Mr. Kale.—It appears *primâ facie* that you have the advantage of freight and the import duty of 10 per cent. and that ought to enable you to overcome any disadvantage that you may have as compared with the British manufacturer?

Mr. Cochran.—The figures tell you a very different story.

Mr. Kale.—It is rather mysterious that the British firms should be able to undersell you to that extent and wipe off all the advantages that you have over them.

Mr. Cochran.—There is nothing mysterious. They have cut their prices or get cheaper raw material.

Mr. Kale.—It is not possible for you in India to cut down prices to the same extent to meet their competition?

Mr. Cochran.—We have told you that one of our great troubles which applies also to girder work, is that we do not get enough orders. The orders we do get vary enormously. If we could run these shops for one class of order for three months we could get much bigger outturn and that would cut our prices down. We do not get that.

Mr. Kale.—One impression created in my mind is that the supply in this country has outstripped the demand and there are too many engineering firms round about Calcutta. Because this is a time of depression and they are unable to adjust themselves, all of them are complaining that they do not get orders. Is it a fact that they have extended their works during the war a good deal?

Mr. Cochran.—There was a good deal of extension during the war but a great many firms have gone under since then. They do not exist now.

Mr. Kale.—How many have gone under?

Mr. Cochran.—I cannot give exact figures. What we say is that, if we get all the work that we ask for in this country, there are not nearly enough engineering firms to do that work.

Mr. Kale.—Do you think that in normal times there will be enough work in India to go round when there are so many firms competing in India for structural work and so on? Leave aside the present time for the moment, *and suppose things are restored to the normal, and public bodies begin to spend more than they are able to do at the present time on account of the financial stringency.*

Mr. Cochran.—If you take an account of all the work that could be placed in India (a great deal of it had to go home) you will find that there were not sufficient firms to undertake the work. Take one instance. The East Indian Railway is a very big Railway Company and could quite easily keep the whole of our Howrah works and the Standard Wagon Co.'s works going and still have tremendous indents to send Home. That is one Railway alone.

Mr. Kale.—And you think that the Railway programme in India for the next few years will keep these firms engaged if work is given to them?

Mr. Cochran.—Far more. The railway improvements and extensions that will take place in the course of the next five years will supply sufficient work to all the Indian firms.

Mr. Kale.—Assuming that work was reasonably given to Indian firms, you think there will be enough work for all of them?

Mr. Cochran.—The amount of money that is going to be spent on improving the Railways will give Indian firms far more work than can be done in India.

Mr. Kale.—In answer to question 11 you say " If the present stipulations of the Government of India are kept to that all material and labour must be as far as possible Indian in our products, we consider the Government of India should place orders for a definite number of wagons yearly in India at competitive Indian prices." Have you noticed the criticism which I saw the other day that you are not really satisfying these conditions of the Government of India, namely, that your material and labour are not Indian as far as possible.

Mr. Cochran.—I do not agree with that criticism. In all recent contracts every bit of labour and material that can possibly be Indian is Indian, and at the present time that is not to our advantage.

Mr. Kale.—The critics say that you ought to employ more Indian labour in your superior ranks than you are doing at present.

Mr. Cochran.—My answer to that is that then our expenses would be higher than they are now.

Mr. Kale.—Their answer would be " If you expect Government to make a certain amount of sacrifice then you also would be expected to make that amount of sacrifice for the country."

Mr. Cochran.—But the Government of India surely would not expect it to have any disastrous effect on our works by making our working expenses higher.

Mr. Kale.—Do you think your working expenses would increase to a very large extent if you do that?

Mr. Cochran.—I do, because we must have most efficient men. It makes no difference to us whether it is Indian or European. If an Indian can do the work as efficiently, he gets the same pay as a European.

Mr. Kale.—Public opinion is very keen in this country on the point. That is why I am putting this question before you. I have read criticisms with regard to the evidence which you put before the Tariff Board specially with reference to your answer to question 11. The expectation is that some of your European labour ought to be replaced in a few years by Indian labour to which encouragement must be given. That is the expectation.

Mr. Cochran.—What more expectation can we give? If a man is efficient, he can get the job. We cannot do anything more.

Mr. Kale.—Of how many years standing is your firm?

Mr. Cochran.—It has been in existence for a century and more.

Mr. Kale.—After your experience of a century or so, that you should not be able to find more Indian labour in the higher branches is rather curious.

Mr. Cochran.—I don't think so. It is only quite recently that your countrymen are paying any attention to engineering.

Mr. Kale.—Do you suggest that Indians are not coming forward to take up engineering work?

Mr. Cochran.—Just now they are. If they are able to do the work we would only be too pleased to have them. The question is, can a man do his job or can he not do it?

Mr. Kale.—You cannot of course be expected to take a man who is not efficient. Am I to take it that if Indians satisfy your conditions with regard to efficiency, training and fitness, you are taking the necessary steps to give them employment?

Mr. Cochran.—Most certainly. We would only be too glad to have them.

Mr. Kale.—So far as I see in matters relating to the protection of industries, public opinion in India will naturally insist upon encouragement being given to Indian labour in all branches. That has been the feeling in the country. Therefore I am putting it to you that if you expect the Government of India to place orders in this country, and if people would be prepared to support that claim even at a sacrifice to the public revenues, are you prepared to say that it will be possible to give encouragement to Indians more and more in the near future?

Mr. Cochran.—I say that it all depends upon themselves. I mean the opportunities are there. They can come in now as apprentices and make themselves efficient, and if they are efficient, they can get good jobs. There is nothing to stop them.

Mr. Kale.—So they have got sufficient and reasonable opportunities?

Mr. Cochran.—The opportunities are there if they can take advantage of them.

Mr. Kale.—If they do not avail themselves of those opportunities it is their fault—I mean the Indians' fault.

Mr. Cochran.—Absolutely. Indians don't like hard work. That is one reason, and engineering is hard work,—especially in the early years—and they don't like it. Unless they go through this hard work in the early years, they can never expect to have the necessary experience or knowledge to fit them to take up higher posts.

(The following evidence was given on behalf of the Standard Wagon Co., Ltd.)

President.—In the first place, there is the statement about the cost of wagons. The understanding was that this was to be treated as confidential.

Mr. Cochran.—The statement contains the private figures of the actual cost of working. I would like it to be treated as confidential.

President.—There are two different sets of figures. One is the cost of materials.

Mr. Cochran.—I don't mind being questioned about these. The only thing I ask for is that I would not like page 4 of the statement which gives detailed working costs to be published.

President.—But apart from page 4?

Mr. Cochran.—I don't mind being questioned about them.

President.—You don't object to the figures being made public.

Mr. Cochran.—No.

President.—You regard page 4 as of very great importance being in the nature of an estimate.

Mr. Cochran.—Yes.

President.—No doubt it is based on your actual experience and on your outturn, but you have never had a chance of obtaining orders on these estimates.

Mr. Cochran.—That is so. Our reason for asking these figures to be treated as confidential is that they might be very useful to many of our competitors.

President.—Personally I think I have to ask you a question or two about that page because it does not need much more explanation but questions could be put without mentioning the figure.

Mr. Cochran.—I have no objection to that.

President.—At any rate you can use the material figures that will cover much the larger part of your ground. Taking page 1, the heading of the page is that home manufacturers are quoting prices below their real costs. You take as a basis the landed cost of materials in India in 1923 and 1913. Well, the figure apparently for 1923 is Rs. 3,109. Is that your estimate of what it would cost you to land these materials in India?

Mr. Cochran.—That is so. I have done exactly what you asked me to do at the last meeting. I have taken our estimate of the wagon built in 1913 and put side by side the prices at the present time. That is an exact comparison between these two wagons.

President.—Taking the 1913 figures, were they the prices at which you were actually buying?

Mr. Cochran.—Yes. These were all given in detail on page 6 in parallel columns.

President.—Now for the 1923 figures, what is the basis?

Mr. Cochran.—The actual prices which were cabled out to us from England when we sent in our tenders last year.

President.—These are last year's figures, that is, the figures that you got from London before October 1922?

Mr. Cochran.—Yes.

President.—I only wanted to know the source of these figures. How do they compare?

Mr. Cochran.—There is practically no difference.

President.—Then, you deduct the freight, duty and landing charges from the 'landed cost in India' in order to get the f.o.b. British price?

Mr. Cochran.—Yes.

President.—Were the quotations which you got from London not f.o.b. prices?

Mr. Cochran.—We get cabled out c.i.f. prices and we turn them into rupees as we always deal in rupees.

President.—How does your home branch or agency, or whatever it is, work out freight and duty?

Mr. Cochran.—On the actual figures they are paying. C.i.f. price does not include duty.

President.—Do they add that?

Mr. Cochran.—Yes.

President.—They include freight and landing charges?

Mr. Cochran.—They include freight and insurance.

President.—To these you add duty and landing charges?

Mr. Cochran.—Yes, then they are converted into rupees.

President.—This figure Rs. 622 written against 1923 represents freight, duty and alnding charges. How is that arrived at?

Mr. Cochran.—That is worked out from actual figures.

President.—It is expressed as a percentage.

Mr. Cochran.—That work out to 20 per cent.

President.—That figure is higher than I expected and I do not know how it was got.

Mr. Cochran.—That is worked out from our actual figures and so are the other figures for 1913.

President.—The duty, for instance, cannot be more than $\frac{1}{11}$th of the figure.

Mr. Cochran.—The duty is 10 per cent.

President.—That is to say the c.i.f. price of 100 becomes 110 by the addition of the duty. So, the duty cannot be more than $\frac{1}{11}$th.

Mr. Cochran.—I do not follow you.

President.—Supposing I import goods worth Rs. 100. The duty I pay is Rs. 10. Then, the figure corresponding to that in your first column is 110.

Mr. Cochran.—Yes.

President.—If I want to deduct the duty, I must deduct $\frac{1}{11}$th of 110.

Mr. Cochran.—You deduct what you actually pay.

President.—Can it be possibly more than that? Is there anything on which you pay a higher duty?

Mr. Cochran.—Everything that is steel or railway material comes under the same schedule.

President.—Yes, then the duty must be something less than Rs. 300, unless they are over declared for customs purposes.

Mr. Cochran.—It is very unlikely.

President.—That is my first point. The duty element cannot be more than $\frac{1}{11}$th of 3109. Then, the freight, and landing charges will be something well over Rs. 300?

Mr. Cochran.—Yes.

President.—Now will you please tell us the average rate of freight for different kinds of materials?

Mr. Cochran.—I should say the average is £1 to 22*s.* per ton. And the average weight of the material is 6½ tons.

President.—It may be a little more than that, because the weight of one item, *viz.*, the Vacuum Brake, has not been given.

Mr. Cochran.—The total weight is 7½ tons.

President.—The average freight works out at Rs. 44 a ton in these figures, I mean freight and landing charges.

Mr. Cochran.—We gave you the landing charges separately.

President.—It is very small compared to the freight, but the duty as far as I can make out cannot be more than Rs. 283, which leaves Rs. 339 for freight and landing charges on 7½ tons. That comes to Rs. 44 or 45 per ton. That is very high, is it not?

Mr. Cochran.—These are the actual figures which the Railway Board take into consideration in comparing prices.

President.—I don't personally see how they can work out the figures on a percentage basis. The duty of course is a percentage, but the freight is not.

Mr. Cochran.—Why not? Take the whole freight in a given period and work it out.

President.—If you calculate the freight as a percentage, it is apt to vitiate a comparison of prices at different periods. If the cost of materials falls, the freight as calculated will be less, but the actual freight paid may be the same as before.

Mr. Cochran.—Freight charges before the war have been very much more per ton than what they are now, and there will be a very different percentage because we are dealing with the value of the stuff in a different period.

President.—Perfectly so. I put it to you in this way. Your stuff comes out as various sections?

Mr. Cochran.—Yes, springs, buffers, axle parts all come out as railway materials.

President.—Are there wide differences between the rates of freight of the different kinds of materials?

Mr. Cochran.—They vary. You can take all bulky and light materials at a higher rate of freight. If you take the whole wagon and if you take the whole of the details, as far as freight is concerned, the figures run very closely.

President.—On wagon materials, may I take it that it does work out to something in the neighbourhood of Rs. 46 a ton?

Mr. Cochran.—We know that the figures which we have given you are very nearly correct, being based on our actual figures.

President.—But then I take it that as they are in the statement, they are simply part of the c.i.f. prices cabled out from London. They have not been worked out in detail. That is to say, your London people have cabled out certain prices including freight.

Mr. Cochran.—They cable out certain prices including freight and insurance. After that we turn them into rupee prices and add our charges. We know what exactly the material is costing us at so much per ton.

President.—In order to find out what the corresponding f.o.b. price is I gather that you work out what the freight has been costing on an average on your several materials and then deduct it.

Mr. Cochran.—F.o.b. price does not concern us in the slightest.

President.—It does concern you, if I have correctly described your procedure.

Mr. Cochran.—Our procedure is this. Our home office people get prices from certain manufacturers and the least price they can get is then fixed. They add to that freight and insurance and that price is cabled out to us.

Mr. Mather.—In detail or simply total?

Mr. Cochran.—In detail. When we get this price in detail at so much per ton, we begin to work out our cost; we turn it into rupees and put on that all our rupee charges and we finally get the price for the material at so much per ton. That is the price we have actually put in here.

President.—What I am getting at is how do you get this figure of Rs. 622 for freight, etc.? What I have understood from your procedure is that you work out from your actual figures what it costs you to import these materials and you work out the average rate of freight which comes to a certain percentage and you apply that percentage.

Mr. Cochran.—That is so, and we have got this figure by working like that.

President.—To go on to another point, can you tell us the approximate increase in freight rates in the case of steel?

Mr. Cochran.—No. Actually the rate per ton is almost similar in many cases to what it was before the war. Freight is a very complicated thing and you may get mixed up with rebate and all sorts of things.

President.—It would be of considerable interest to us to know how freight rates have changed since pre-war period.

Mr. Cochran.—Why not ask some shipping company. They will be able to give you expert advice.

President.—We probably shall. I put the question to you because I understood you to say that these figures were based on what you actually had to pay.

Mr. Cochran.—Yes. These were based on actual figures which we paid in 1913 and which we paid last September.

President.—Taking the duty, before the war it was 2½ per cent.?

Mr. Cochran.—Yes.

President.—You have calculated on the basis of that duty?

Mr. Cochran.—Some railway materials may have come in free before the war, but I am not quite sure of that. Whether for State railways or company railways, if the goods were marked railway materials, no duty was paid.

President.—Is it no longer the case as regards wagons which you have to build for State railways?

Mr. Cochran.—We pay duty on everything now.

President.—It may be due to some difference in the procedure under the stores rules.

Mr. Cochran.—It may be.

President.—It is possible that before the war in comparing prices, the duty was not added on to the foreign manufacturers' price and they worked out the other way on the ground that duty had not to be paid on the importations of Government. It is not in any case a point of very great importance. Before we leave this question of freight, there is a publication showing the market report which gives approximate freights to India for a number of different articles. For instance, for bridge work it is Rs. 40 a ton, railways and accessories Rs. 25, etc. Mr. Mather knows more about all these than I do.

Mr. Mather.—For wagons and carriages, it is quoted for August at 45*s.* from any English port to Bombay, Karachi, Madras or Calcutta.

President.—That seems to be the highest freight of those that are applicable to materials of this kind. These no doubt will be the rates which the British manufacturer would have to pay. Your average freight for the year 1923 was in the same neighbourhood. There were apparently some materials which were liable to a smaller rate of freight and that is why I was anxious to clear up that point to find out what you say about that. However we had better pass on to another item.

I notice at the head of page 1, f.o.b. cost of material in a wagon in 1923 compared with that of 1913 shows an increase in cost of approximately 66 per cent. According to the evidence that we have had on the subject of steel prices generally, we nearly always have been told that the price of steel is not so high as the price of other commodities—that is to say, prices of commodities generally have risen by 60 or 70 per cent. in comparison with pre-war prices, but in the case of steel it is a much smaller percentage.

Mr. Cochran.—If you take the figures I have given you for fittings and compare them with steel proper, it will be found much less, in the case of the latter.

President.—The increase is larger in the case of fittings.

Mr. Cochran.—If you compare item by item, the biggest increase is in the matter of fittings. Many of these are double, but if you take steel alone, you get a lower percentage.

President.—In 1913, you say, the British manufacturer quoted as price per wagon £179. That was the figure you mentioned when you gave evidence the other day. I did not quite understand where you got that figure from.

Mr. Cochran.—That figure was given us as the basis on which we were asked to accept the order for wagons in 1913.

Mr. Ginwala.—I want to know how your price compared with the British price in 1913.

Mr. Cochran.—It is in my evidence.

Mr. Ginwala.—I remember your saying that your price was about the same as the British price.

Mr. Cochran.—Our figure is Rs. 2,750 (£183) per wagon.

Mr. Ginwala.—That comes to about £180.

President.—Is that f.o.b. price?

Mr. Cochran.—We take it that the f.o.b. price is £179.

President.—That makes a considerable difference.

Mr. Cochran.—But they always quote f.o.b. They take this £179 and put on freight and charges for erection. They deduct the price of wheels and axles and make the price Rs. 2,750.

President.—This figure of £179—does it include wheels and axles?

Mr. Cochran.—No.

President.—Your figure comes very close to this figure. They were willing to pay you at about the same price as for the British article?

Mr. Cochran.—What they said to us was "We will give you an order for wagons if the wagon costs us no more than the price at which we get it from England—Rs. 2,750." Then they have to supply wheels and axles.

President.—In that case, if the basis of the transaction was to see that the wagons you manufactured were to cost the Government of India about the same as the wagons manufactured by the British manufacturer then £179 must be c.i.f. and ought also to include the cost of assembling in India.

Mr. Cochran.—We had nothing to do with the f.o.b. contract at all. We were asked to supply at Rs. 2,750. We had nothing to do with the price of £179 but we know that was the price of the British wagon at that time.

President.—The total cost to the British manufacturer must have been very much higher than the price you received. That is why I asked you whether the basis of the contract was that the wagons from whichever source obtained was to cost the same.

Mr. Cochran.—There was nothing about the Home price which came into the contract. We were offered wagons at a contract price which we accepted. They were offering the wagon to manufacturers in England at the same price.

President.—It is the basis of the whole argument.

Mr. Cochran.—But that is the figure we were paying for the same wagon at the same time in India.

President.—It is by no means clear to me whether this figure £179 does not include freight and duty.

Mr. Cochran.—We are quite positive about that. It is the f.o.b. price quoted by the British manufacturer in 1913 and there is no doubt about it. From the manufacturer's point of view it was a very good price and they were doing extremely well at that time.

President.—Let us leave it at that for the moment. We shall make enquiries from the Railway Board on that point.

Mr. Cochran.—It is quite obvious from many of their own figures that they must have been paying less here for a wagon than what they were paying to the British manufacturer. They gave the price of £210 as their pre-war price and they were paying £750 for a wagon in 1920. In that year they got their wagons cheaper in India and they said nothing about it. Their price came down next year to £340 and now you have got a drop from £340 to £174. These figures are taken from the Railway Board's administration report.

President.—Do they give the complete price of a wagon or the f.o.b. price of the British manufacturer?

Mr. Cochran.—They have not given details.

President.—Then we cannot compare the figures. We should take the price of the wagon complete and ready to be put on the line in both cases.

Mr. Ginwala.—Is not this the probable explanation? They put down that as the price they paid actually and the cost of erection would be put in the working expenses. They perhaps erected it in their own workshops.

President.—You say that the wages before the war amounted to approximately £30 per wagon. On what basis did you get that?

Mr. Cochran.—We got a lot of prices from the Home manufacturers at that time.

President.—I see it was based on information as to the Home manufacturer's price. You told us that there was about a 40 per cent. increase. That comes to about that figure.

Take the figure of £174. That was the figure given to you by the Railway Board.

Mr. Cochran.—No. That was given to us by the Railway companies. I think £171 was the actual figure given by the Railway Board.

President.—All I wanted to get is where this figure £174 came from.

Mr. Cochran.—That was given by the Railway companies.

President.—At the foot of this statement—page 1—you have calculated that the net loss to the Home manufacturer must be £82-8 per wagon. In the first place it seems pretty clear that £179 before the war must have included some very generous provision for profits.

Mr. Cochran.—I think it did.

President.—On that basis of course you cannot say that the net loss per wagon was £82-8.

Mr. Cochran.—You must call it something—whether difference or loss.

President.—The form in which you put the case does not seem quite fair to the Home manufacturer. It is a question of opinion no doubt but until they wiped out their pre-war profit they do not begin to make a loss. That is to say the loss occurs in so far as they failed to cover their expenses.

Mr. Cochran.—You can call it whatever you like: it is a matter of opinion.

President.—I do prefer to call it something else.

Mr. Cochran.—Call it net difference.

President.—Taking page 2 of the statements, you have calculated the freight at 10 per cent., which comes to Rs. 385. And on page 3 of the statements you have also calculated a freight of 10 per cent., but this time it comes to Rs. 261. These wagons we have taken for comparison are supposed to be sent out at the same time and the British manufacturer would not be able to send one more cheaply, and that is where the danger of the percentage basis comes in. You claim that he ought to have paid Rs. 385 for a wagon, *i.e.*, 10 per cent. of the material, whereas you actually paid Rs. 261. Why should the Steamer Company give you a lower freight because you quoted a lower price to the Government of India?

Mr. Cochran.—These are worked out exactly in the same way in which the Railway Board comparisons are made.

President.—I do not know how the Railway Board work out these things, but here there is a difference of Rs. 124. Is it not a more accurate method not to work a percentage in these figures but to take the actual freight paid? The figure ought to be the same in both cases.

Mr. Cochran.—In preparing our prices we took the percentage basis. Our comparison also should be made on the same basis.

President.—If it is an inaccurate method, I do not see why anybody should take it. In this particular case it vitiates a comparison between the figures at page 2 and page 3 as it makes an appreciable difference.

Mr. Cochran.—Of course the higher you make the price of the wagon, the more it is in our favour.

President.—Your contention is that their materials and the manufacture of the wagon must have cost them Rs. 3,852 to give them a reasonable profit. On that you say the freight on that wagon must be Rs. 385.

Mr. Cochran.—Simply because we have worked out at the same percentage basis.

President.—If you compare that with what you actually paid, you show it as Rs. 261. My point is that one of these figures should be adopted. Both cannot be correct.

Mr. Cochran.—Why Rs. 261 should be incorrect I cannot understand.

President.—It is for you to say.

Mr. Cochran.—We have simply worked on the same basis as we are working all through our business.

President.—The calculations are all worked out on this basis but here there is an appreciable difference of more than Rs. 100 on a wagon which might conceivably affect the tenders. Is it not possible to ascertain what the actual freight paid would be on the importation of the wagon?

Mr. Cochran.—We did not import the wagon: we got the figures from the Railway Board.

President.—I understand that. One of the reasons that I am anxious to ascertain about the freight given on page 1 is this: the duty we know is 10 per cent. and the freight taken on both sides here is 10 per cent. It comes to 20 per cent. together. It is for that reason I suggest it is not a fair percentage.

Mr. Cochran.—It is our actual average worked out in my own office. I have worked out on that basis because we always use it.

President.—Then comes the cost of erection in India which you have put at Rs. 450. Is that also the figure given by the Railway Board?

Mr. Cochran.—Yes. That was given us when our representatives went to Simla last November. Rs. 450-15-10 is supposed to be the Railway Board's own figure. I agree with that figure which was about the correct one provided the wagons come out from England with the underframes already riveted. The underframes are not always riveted and there is a lot more to be done in this country.

President.—You have done similar work for railway companies?

Mr. Cochran.—We are doing it now.

President.—That is why you are in a position to say that the figure is reasonable?

Mr. Cochran.—Provided the underframes are riveted the quotation is correct.

President.—You estimate that the total cost to the Government of India of a British manufactured wagon, assuming that a fair price is charged, cannot be less than Rs. 5,134.

Mr. Cochran.—That is what it is. If he had quoted that figure it would probably have been accepted.

President.—If the British manufacturer charges a fair price, the cost to the Government of India for a wagon manufactured by him cannot be less than Rs. 5,134?

Mr. Cochran.—If he is taking the same profit as he was before, it is a fair price.

President.—It is for you to say what precisely your contention is about this price you have given.

Mr. Cochran.—If he quoted that price and the Railway Board accepted that price it would not have been an unfair price. In many other items they are paying a far bigger increase than this. Take the underframes for instance. How is it that we are able to quote within the English price for the carriage underframe and are so helplessly out on the wagons?

President.—That I can understand. You gave it in your last evidence.

Mr. Cochran.—It is quite clear from all these figures that the English manufacturer is taking on this work for his materials and labour. If he is getting anything on his charges he must be getting his material very much cheaper than we do here. He has got to pay his labour.

President.—Let us go to the detail figures of the cost of materials. I have tried in the case of some of these figures to compare the price you have quoted with the quotations in the trade papers. That creates a difficulty because one does not know what to deduct on account of freight, duty and so on. They vary in different cases but an approximate figure can be worked out. Have your firm or the Standard Wagon Company ever endeavoured to make any comparison of that kind as regards the prices quoted to you by your London House?

Mr. Cochran.—We are not paying them more. We took the matter up very strongly with them, I think, to go into the question and they have assured us that they have quoted absolutely the lowest prices they could possibly get.

President.—*Primâ facie*, as far as one can judge, they do not look like low prices. It is difficult to make a comparison with the Trade paper quotations, but making such allowance as one can for freight or duty they appear distinctly on the high side.

Mr. Cochran.—Everything is our actual figure. We are not paying excess prices for our materials.

President.—That may be so. It may be that other firms may be getting their materials at less cost.

Mr. Cochran.—When one firm controls so much it is quite possible to get steel materials very much cheaper.

Mr. Balfour.—When we showed our figures to the Railway Board they said that they were correct. The prices were market prices.

President.—Did your people in London quote you these prices on the basis of a large order? One would expect that in a case of that kind the actual price would be below not only the ordinary British price quoted in the papers but also possibly below the price quoted for export.

Mr. Cochran.—That will not prevent the Home wagon people from getting a much lower price than ourselves.

President.—Why do you think that they can purchase materials at lower prices than you?

Mr. Cochran.—If they have a loss somewhere they prefer to put it on the steel works rather than on the wagons. If one big firm controls the whole supply, which was one of the points made by the Railway Committee, and took on this order, it is quite easy to work the whole thing. One part of the process may have given them a profit and the other some loss.

President.—Take the price you have quoted for channel. Rs. 9 a cwt. you have quoted. That comes to £12 a ton. What deductions have to be made for freight? Duty you can take at $\frac{1}{11}$. Is there any publication that gives freight for things like these?

Mr. Mather.—Sections—27*s.* a ton. Bars, angles and plates—25*s.* a ton. The proper deduction for freight and duty is somewhere in the neighbourhood of 50*s.*, that is, somewhere near the Bombay quotation.

Mr. Cochran.—I do not know; I am quoting actual figures supplied by our London Office. It is quite obvious that, hard up as we are for work, it would not have been likely that we would buy any materials at a high price. The more you look into it the more you find that certain items in the wagon are as near as possible down to the pre-war price: whether they have done it by reduction in the cost of material or in labour charges it is practically pre-war price. Everything shows that. We could not get near that.

President.—The successful tenderer last year certainly quoted an extraordinarily low price. I am not contesting your general principle but what I am getting at is the extent to which different explanations can account for the difference between the figures they quote and the figures you can quote. Now we have heard a great deal from Tatas about the dumping of steel in India, but I cannot find any trace in the figures you quote that you get the benefit of that dumping. If rolled steel is being dumped in India to the extent to which it is contended I should have thought that would be a factor which would be to the advantage of the Indian engineering industry.

Mr. Cochran.—If we could get cheaper steel it would help us enormously, but we cannot.

President.—I can find no trace of dumping in the figures quoted by your London firm.

Mr. Cochran.—We have never been able to find any evidence of dumping of steel.

President.—So I understand, but the Tata Company assured that there was a great deal of dumping. The British manufacturer, they said, was selling below cost: they gave us one or two specific instances of that. We were assured that the export price was constantly below the British price and also that, when a very large order was given, an even lower price would be quoted. All I can say is that the statement you have handed in is *primâ facie* evidence that there is no dumping.

Mr. Cochran.—Sections for wagons are not things that you can dump as a big order like rolled steel, beams or plates.

President.—You mean that the total quantity of any one section is not really a big order?

Mr. Cochran.—Yes. That question about our channels: that was Tata's price.

President.—It would be useful if you could mark any of these prices as Tatas price just to distinguish them from the Home price.

Mr. Cochran.—We will do that.*

President.—Iracier Axle Boxes: what are these?

Mr. Cochran.—It is not being used now. It was used in the 750 wagon. What I had taken was a 750 type wagon and everything that was in it and put the present day price opposite in parallel columns. The wagons we build now (A-1 Type) are not quite the same as the 750 type wagon. That makes one difficulty in comparisons.

President.—You have taken a 750 type wagon for purposes of comparison?

Mr. Cochran.—The 750 type wagon is not being made now.

President.—Take the vacuum brake: there are two makers?

Mr. Cochran.—There are two makers, the Consolidated and the Vacuum Brake Company.

President.—Are you satisfied that in the case of an item of that kind the price is the same for everybody?

Mr. Cochran.—We are very much dissatisfied. As a matter of fact shortly after our tender went in we found that was a high price and for the next tender we got a lower price than for this one.

President.—There is no competition there?

Mr. Cochran.—The British manufacturer is in a position to get a lower price out of the vacuum brake people. I think they get preferential treatment.

President.—Take an item like Buffers on the top of page 6. Is that what it costs you to make buffers or is it simply the materials for the buffer?

Mr. Cochran.—In 1913 we bought buffers at that price. In this comparison we put the price in 1913 and the comparative price at which we would have to buy to-day. We have compared everything on that basis. That makes a difference in our A-I type wagon because we make more of the A-I wagon in the country than we did in the case of the 750 wagon.

Mr. Ginwala.—You have taken the 1923 figures, I see, in your comparison?

Mr. Cochran.—Yes. The prices were actually taken from our estimates of last year.

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* *Vide* Statement III (1).

Mr. Ginwala.—That is rather an important point because if these figures are taken as 1923 figures much difference would not arise. Take the case of channels for instance. £12 is the price given by you. If you work that out deducting 10 per cent.—

Mr. Cochran.—That was Tatas' channel.

Mr. Ginwala.—That would be more or less the same as the British price.

Mr. Cochran.—I hope it will be cheaper.

Mr. Ginwala.—If you take the 1923 figures then your price appears to be more or less correct, but if you take the 1922 figures from the trade journals your prices, as the President has pointed out, will appear to be higher. Take the case of the channels. You paid 9 shillings a cwt. That works out to £12 a ton c.i.f., including duty. If you work that out deducting 10 per cent., it leaves £10-18*s*., and out of that if you deduct 26 shillings for freight you get about £9-11*s*. The trade quotation is £9-10*s*. for August.

Mr. Cochran.—Steel is beginning to go down again.

Mr. Ginwala.—There is another way in which you can get over this difficulty. Just tell me whether you agree with me. Assuming that the British manufacturer brings his material to this country and builds the wagons, then his material costs him Rs. 3,109, according to the figures you have given, landed in this country. He may have paid freight and various other things. You add to that £91 to allow for his labour and other charges.

Mr. Cochran.—That is, his charges in England?

Mr. Ginwala.—Yes. That will give you Rs. 1,365. He has already paid 10 per cent. duty on material and freight, and he will also have to pay 10 per cent. on Rs. 1,365 additional supposing it was manufactured in Great Britain; that will give you Rs. 136, that is, a total of Rs. 4,610 *plus* Rs. 23 landing charges *plus* cost of erection in India, Rs. 451. That brings the total up to Rs. 5,084 as against Rs. 5,134—a difference of Rs. 50. No question of difference in freight arises.

President.—You take the freight as included in the Rs. 3,109. The only difficulty is that the freight on the complete wagon may be higher than the freight on raw materials. You have given £30 as wages. How did you get this figure?—I was not able to follow. On what basis have you got £30.

Mr. Cochran.—I have the particulars. That was the figure before the war in England.

President.—Will you give us these figures?

Mr. Cochran.—I don't think I shall be justified in giving these figures to you.

Mr. Ginwala.—That includes merely wages of labour?

Mr. Cochran.—Yes.

Mr. Ginwala.—To what item in your charges does that correspond?

Mr. Cochran.—It includes approximately all our Rs. 527.

President.—That is what I wanted to know. In that case it is very favourable from your point of view. May I take it that this Rs. 527 corresponds to this £30?

Mr. Cochran.—As near as I can tell you.

Mr. Ginwala.—You have got all the details in the total cost. May I take it that you have compared these items constituting £30 with the corresponding items constituting Rs. 527?

Mr. Cochran.—Yes.

Mr. Ginwala.—But the present labour charges in England would be £42, so that you compare rather favourably?

Mr. Cochran.—I think so.

Mr. Ginwala.—That leaves then £49 for everything else; that £49 corresponds to your other two figures?

Mr. Cochran.—If that is the difference. If we put in our wagon material and labour we would be getting very near the comparative price then.

Mr. Ginwala.—That is what I am trying to do.

Mr. Cochran.—We go back right to the beginning. In one case you are comparing a wagon finished and in another case you are comparing a wagon delivered in pieces.

Mr. Ginwala.—We are dealing with wagons in pieces both for you and the British manufacturer. We have taken the wages in your case, then we have taken £49 which represents the other charges; then we have added £30 which is the cost of erection, so that it is something like £109.

Mr. Cochran.—You come to the finished wagon in the end. You are comparing two different things.

Mr. Ginwala.—As I work it out, there is no difference to speak of between your cost of labour and other charges and the British charges as far as I can see.

Mr. Cochran.—That is our information too that in pre-war times we were very near to the Home price.

Mr. Ginwala.—In the figures you give at page 2* it is actually £104 odd.

Mr. Cochran.—That is the difference.

Mr. Ginwala.—No doubt Tata's have made the allegation that there is dumping from the British market but from the evidence that we have since received, so far as the particular articles used in this country are concerned, *e.g.*, structural materials, etc., the dumping seems to be from the Continent.

Mr. Cochran.—We ignored that because we do not buy anything from the Continent.

Mr. Ginwala.—I was just going to ask you whether you have any Continental prices at all which you can give us.

Mr. Cochran.—No; 90 per cent. of our work is specified British or Tatas' material.

Mr. Ginwala.—Are you referring only to wagons?

Mr. Cochran.—No, everything.

Mr. Ginwala.—You have got no interest in Continental materials?

Mr. Cochran.—As far as the price on the Continent is concerned, we have no information. If we buy any Continental material, we buy from the bazar in Calcutta.

Mr. Ginwala.—Have you not got actual figures? These are quotations that you have given us for these various articles.

Mr. Cochran.—In the case of the 750 type wagon for 1913, we have given the price which we actually paid.

Mr. Ginwala.—But in the case of 1923 they were merely quotations?

Mr. Cochran.—Because we did not get orders.

Mr. Ginwala.—You had some orders before those that you have executed now?

Mr. Cochran.—They were at a higher price.

President.—Didn't you get any materials in 1922 to execute any other orders?

Mr. Cochran.—Not much in 1922.

Mr. Kale.—The upshot of the discussion we have had seems to be that your view is that the British firms to-day are making, what we may call a present to the Government of India by underselling you. This is practically the usual device to kill a rival?

Mr. Cochran.—I have been accused of doing it myself!

Mr. Kale.—Is it not your contention, so far as the Government of India is concerned, that the choice before them is economy *vs.* an indigenous industry, which is being built up in this country—whether they should prefer a temporary economy to the loss of an indigenous industry? And is it not your contention that the Government of India should look far ahead and rather help an indigenous industry than accept British tenders which are lower to-day, but which in the long run will ruin the wagon industry?

Mr. Cochran.—That is absolutely my contention. If we had more encouragement before the war you would have far more industries in India and would have saved India the large sums of money which she now spends abroad.

Mr. Kale.—May we take it that the low prices of wagons which are now being quoted by the British manufacturers are not going to last long?

Mr. Cochran.—They cannot continue for long.

Mr. Kale.—Because if there is dumping they cannot afford to go on dumping for any length of time?

Mr. Cochran.—Here are some figures which will interest you. These are the published figures of another English Wagon Company:—

	£
Profits 1914	77,000
,, 1915	51,000
Loss 1921	22,000
Profits 1922	488

This Company turns out 2,500 wagons a year and is very much the size of the Standard Wagon Co.

Mr. Kale.—Are there any companies in England which combine wagon manufacture with other branches of works in steel?

Mr. Cochran.—Oh, yes.

Mr. Kale.—Do you attribute the ability of these firms to undersell you to their transferring losses on wagon manufacture to other departments?

Mr. Cochran.—Yes, to other parts of their business.

Mr. Kale.—How many firms are there that you know of in England which specialise in wagon making?

Mr. Cochran.—I do not know the number.

Mr. Kale.—Are there many which specialise only in wagon making as you are now doing in standard wagon building?

Mr. Cochran.—I could not say off-hand. I can get that looked up for you though.*

Mr. Kale.—All right. You were asked to say whether you were taking any Continental goods and whether there was any dumping. You said that you were dealing only in British goods and that you had little to do with Continental goods. Is it possible, I suggest, that some of the so-called British goods originally come from the Continent, though they bear the stamp of British Manufacturers?

Mr. Cochran.—It is possible, but I don't think that it is very probable.

Mr. Kale.—I have just heard, in the case of another industry, that certain goods from Germany are being purchased by a British firm which puts its own stamp on the goods and adds two annas per rupee to the price and undersells Indian manufacturers at this very moment.

Mr. Cochran.—Yes.

Mr. Kale.—I have seen these goods. The stamp is of a British firm but I am assured that the goods are German make. So, is it possible that the same thing is happening in your steel goods which you are importing from England?

Mr. Cochran.—No, because we have our own office in London and we have our own inspectors. Everything we buy we know is British.

Mr. Kale.—So, you assure yourself that the goods you buy are British?

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* *Vide* Statement III (2).

Mr. Cochran.—If we wanted to buy anything from the Continent, we could buy straight off.

Mr. Mather.—On referring to the journals I find the export prices on the 1st of September last year to be exactly the same as in October, and what I have done is to take the export prices of some items that are quoted, *viz.*, galvanised sheet, black sheets, joists and angles, beams and common plates. I have taken the export price as a basis price and added the freight which is according to this publication* 27*s.* 6*d.* per ton in each case. I have also added 10 per cent. duty in each case. I think you said that the landing charges would be about Rs. 5-8 a ton. I have added all these items and worked out the prices per cwt. delivery Calcutta. In comparison with yours, they come to this:—

The total cost of the galvanised sheet, delivery Calcutta, is Rs. 14-12 per cwt. But you have got galvanised sheets (roofing) at Rs. 16-12-4.

Mr. Cochran.—You cannot buy galvanised sheets at that rate.

Mr. Mather.—This is the price of 1922 at the date comparable with your estimates. The figure for black sheet was Rs. 10-12 a cwt. and your figure (for $\frac{1}{16}''$ thick) is Rs. 13-1.

Mr. Cochran.—Their figure won't cover extras for the same material.

Mr. Mather.—These prices are the basis prices. There may be certain extras.

Mr. Cochran.—5/16th plates will be at the basis price.

Mr. Mather.—The basis price for plates is Rs. 8-9 per cwt. and your prices vary from Rs. 9-8 to Rs. 11-15. For joists the basis price according to this is Rs. 8-9 and your price for angles, etc., vary between Rs. 9 and 10.

Mr. Cochran.—They are all Tata prices. Everything that we can possibly get from Tatas we buy from them.

Mr. Mather.—They appear to be a good deal more favourable than the prices of your other materials.

Mr. Cochran.—They may quote their prices based on these figures. These are the figures quoted to us and they represent the actual prices we pay.

Mr. Mather.—You have some standing arrangement with them which controls the prices that you pay to Tata's for steel?

Mr. Cochran.—Yes.

Mr. Mather.—Is it based on c. i. f. prices?

Mr. Cochran.—Yes.

Mr. Mather.—Ascertained in what way?

Mr. Cochran.—Tata's ascertain it. I don't know how they do it.

Mr. Mather.—You don't check it?

Mr. Cochran.—We do, but we have never disagreed with it.

Mr. Mather.—If you can tell us, how you check it, it will come to very much the same thing.

Mr. Cochran.—We check from our own invoices.

Mr. Mather.—All the time you are buying from Tata's you are also buying similar materials from home?

Mr. Cochran.—Yes. We work on a basis price and square up *plus* or *minus* once a quarter.

Mr. Mather.—Does their price correspond closely with your own quotation?

Mr. Cochran.—Yes, we would probably quarrel with their price if it did not.

President.—There are two or three questions I want to ask you about page 4. I shall not quote the figures, but there are two items which I don't understand, *viz.*, (1) salaries and (2) administration and general expenses. What sort of items are included in the latter head?

Mr. Cochran.—Advertising, Bank commission, bungalow lighting, drawing office expenses, insurance, clothing of menials, printing and stationery, postage, technical journals, rest-house expenses, medical charges, Calcutta office charges, petty stores, travelling expenses, telephone charges; in fact all the miscellaneous charges that you cannot allocate to any particular department.

President.—The salaries of the whole supervising establishment are included under the head 'salaries'?

Mr. Cochran.—Only of the people at the works.

President.—But not of the people in Calcutta?

Mr. Cochran.—No. They come under the head 'Administration and general expenses.'

President.—Take the item for depreciation. Can you tell us the rate at which depreciation has been calculated?

Mr. Cochran.—That is fixed on the maximum rate we can get under the Income Tax Act.

President.—I think that it is 2½ per cent. on buildings.

Mr. Cochran.—We get on machinery about 7½. It is 2½ on buildings, and that is the maximum rate which the Income Tax people would pass.

President.—I take it that 'Interest on loan' represents the interest on working capital. Is that the basis?

Mr. Cochran.—Yes, that is the amount we are really short of.

President.—One can understand that. If you are going to turn out 2,000 wagons a year, working capital has got to be allowed some interest. What is the rate at which you calculate the interest?

Mr. Cochran.—One per cent. over the Bank rate.

President.—What do you take as the Bank rate?

Mr. Cochran.—About six or seven per cent. The Bank rate on an average for the whole year will be about 5 or 6 per cent.

Mr. Ginwala.—It is higher than that.

Mr. Cochran.—If you take the half year period for the last six months, it has been high.

Mr. Ginwala.—It has now come down?

Mr. Cochran.—Yes.

President.—Turning to the additional statement submitted on behalf of Messrs. Burn & Co., you have said at the bottom of page 3, "in question 10 we have allowed for a slight increase in 'other charges' when the cost of raw material is increased." That would come chiefly from the working capital and the interest will have to go up.

Mr. Cochran.—That is one thing. We put that in so as to make you understand them properly. Those two examples are actual costs and we work in our own works cost basis by some percentage on raw material. So, if the material goes up in price, the cost also goes up.

President.—Can you explain it? You have got a larger working capital and so more interest. Can you suggest any other way in which, if the price of raw material goes up, other charges would go up. If there was a general rise in price of material, in wages and so on, then it is easily understood; but if there was an increase in the customs duty it does not directly affect anything else.

Mr. Cochran.—If there is an increase in the customs duty, it increases our charges on the materials, unless we alter our methods to suit whatever comes about in the shape of increase.

President.—One does not quite see how. If the duty was on for a long period of years, then your depreciation would be affected and your capital expenditure would be higher. I don't clearly see how it may be said, except in the matter of interest, that a rise in the price of raw material should make your other costs go up.

Mr. Cochran.—We have worked it in this way because we do not know how things are going to be affected.

President.—All I have asked you is whether you can suggest any other way in which the rise in the price of raw materials might affect your other charges. I would now go to the last statement you have sent in. Take these prices you have given for coal. Are these the prices of coal delivered at your works in Howrah?

Mr. Cochran.—Yes.

President.—And for the pig iron, you have put down the price at Rs. 90 a ton.

Mr. Cochran.—Yes.

President.—We have had evidence on the subject and if I remember right, I think that the price that was given us was Rs. 65 a ton or so.

Mr. Cochran.—For pig iron No. 2 quite recently everybody was paying over Rs. 100.

Mr. Mather.—Railways are not paying that price.

Mr. Balfour.—They pay less because they have made contracts for a long period of years.

President.—The price of pig iron is Rs. 90 a ton then?

Mr. Cochran.—Yes, that itself is a considerable reduction over what it was at this time last year.

Mr. Mather.—I know of a case of a smaller concern buying pig iron who gave me a much lower figure.

Mr. Cochran.—Was it No. 4?

Mr. Mather.—Nos. 2 and 3, I believe.

President.—The object of this statement is apparently to establish the fact that where you can purchase the article in India, the percentage of increase over pre-war price has been small, whereas if you have to go to England to purchase it, the percentage of increase is very high.

Mr. Cochran.—Yes, also to show that our own working expenses compared with pre-war rates are very heavy.

President.—Then you have quoted—item 4—for 'underframe and body less fittings.'

Mr. Cochran.—That is for wagons.

President.—Could you let us have a statement showing what items are included in 'underframe and body'?

Mr. Cochran.—We can give you that.*

President.—If you could let us have a note showing which articles come under 'underframe and body' and which under fittings, it would be very useful.

Mr. Cochran.—Yes, we will let you have it.

President.—Why has the price of Smithy coal increased so much more than the price of steam coal?

Mr. Cochran.—That is a special coal for which there is a very big demand.

President.—Certainly the price is very high, is it not?

Mr. Cochran.—Yes. The unfortunate thing is that we were the people who taught the value of this coal to others. We used to buy it as dust at one time.

President.—The freight rates in Indian railways, you say, have increased by 33·33 per cent. My impression was that the increase was greater than that.

Mr. Mather.—Is there uniformity in the increase in all railways?

Mr. Cochran.—Yes. This 33·33 per cent. was actually found out by taking the rate in pre-war days between Calcutta and Asansol and comparing it with what it is now.

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* *Vide* Statement III (3).

President.—It is applicable to wagon materials.

Mr. Cochran.—Yes, it is.

(Here the evidence given on behalf of the Standard Wagon Company terminates, and Messrs. Burn & Co.'s evidence continues.)

Mr. Ginwala.—You suggest *ad valorem* duties for the various articles. Supposing it was a question of specific duties, on what basis would you suggest this increase? I don't expect you to answer this question here at once but we would like your assistance on that point. Ordinarily duties are levied on the prices of the materials at the time they were imported. You will have to take some basic price and then you will have to convert the *ad valorem* duty of Rs. 15 into a specific duty at so much per ton for the kind of steel for which you want protection.

Mr. Cochran.—We are only showing here what we estimate the extra cost would be.

Mr. Ginwala.—I understood that. What I want is an alternative. Say, for instance, on bridge work or structural work you require certain additional *ad valorem* duty. But supposing we recommended, in the event of our recommending any protection at all, that a specific duty should be levied, how would you convert the *ad valorem* duty into a specific duty? Can you give me figures?

Mr. Cochran.—We will try.*

Mr. Ginwala.—Take for instance joists.

Mr. Cochran.—We do not want any protection. We want all these to come free.

Mr. Ginwala.—Let us take one concrete case, say, Truss span or Girder span, or I will take a concrete instance given by Tatas. They take Rs. 150 as the basic price of steel and they want 33⅓ per cent., that means Rs. 50 per ton. Apply the same principle. Of course it will take some time to work out.

President.—You have got to take into account a number of different kinds of materials.

Mr. Cochran.—That is so.

Mr. Ginwala.—I am only putting their case to you.

Mr. Cochran.—I will try. Take the price of girder in a building; labour on this is very little but on other structural work (as a light over-bridge) the labour charges will probably be twice the cost per ton.

Mr. Ginwala.—You can have a combination of the two. I only want you to help us with some suggestion.

Mr. Cochran.—My suggestion is "leave well alone."

Mr. Ginwala.—Supposing we are not able to accomplish it and have got to make our recommendations, we would like your views.

President.—After all it is a much simpler business in the case of Tatas' products. The substitution of specific duties for *ad valorem* duties is not so very difficult because you get certain definite things which can be identified. But when we come to the fabricated stuff, I am afraid it will be extremely difficult. We shall be grateful if you can assist us in this matter.

Mr. Cochran.—I have no idea. If you make a specific statement that you are going to do this, then we will try and find out how it will affect us.

Mr. Mather.—Supposing a specific duty of Rs. 50 a ton is put on steel—that is raw steel—do you think that there ought to be a duty of Rs. 60 a ton on bridgework or Rs. 70 a ton on roof trusses? Do you think that it would be practicable from the point of view of customs administration to differentiate between the different kinds of fabricated steel? You might consider that. It would be useless for the Board to recommend different kinds of specific duties which the customs people could not administer satisfactorily.

Mr. Cochran.—That is the thing which has already been asked.

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* *Vide* Statement III (4).

Mr. Ginwala.—You have got the basic price of steel and extras. The extras are more or less fixed. You put, say, a duty of Rs. 50 on the basic steel whatever the article may be. It may come to Rs. 50 *plus* 5*s*. in one case and something more in another to meet the conditions of each.

Mr. Cochran.—I would not care to say. What is the basic price to be?

Mr. Ginwala.—c.i.f. English.

Mr. Cochran.—How are you going to fix it? It is one of the most important things.

Mr. Ginwala.—Supposing it is possible to fix the price at which basic steel could be imported in this country. You have got some extras which are well known to the commercial world. Then you arrive at the extra duty by adding a proportionate amount for the extras.

Mr. Cochran.—I think that could be worked but I am not sure.

President.—We should like to know whether the thing can be done in the case of fabricated steel.

Mr. Cochran.—We shall take a few specific cases and just try what happens.*

Mr. Ginwala.—I do not understand this winding engine illustration. How do you get this difference of 3 per cent.? Rs. 5,444-8 is the price of the engine at present. The cost of the steel including 10 per cent. duty you have given at Rs. 736-10. Does the cost of the engine, as given, include the duty? The reason why I asked for this information is something quite different from what you have got in your mind. I asked you to give a typical instance in which it cost you more because you had to pay 10 per cent. on the raw materials whereas if it was imported as machinery you would only pay 2½ per cent.

Mr. Balfour.—On the amount of steel material in the winding engine we have to pay Rs. 736-10 including the present 10 per cent. duty but if the duty is increased from 10 to 33⅓ . . . .

Mr. Ginwala.—That is not my point. What I meant was this. Machinery is taxed at 2½ per cent. at present. If you manufacture the same machinery in this country you have got to pay 10 per cent. on raw materials and that puts you in an unfavourable position. Do these figures show that? I do not see how they do.

President.—This example does not really illustrate the point about which we asked for information.

Mr. Cochran.—Certain items in the manufacture of a winding engine cost us now Rs. 736-10. But if the duty is increased they will amount to Rs. 892-13.

President.—Do you mean that the difference will become more accentuated when the duty is still increased?

Mr. Cochran.—That is why we have said that the extra cost would come to Rs. 156-3.

Mr. Ginwala.—But that is not my point.

Mr. Cochran.—We are sorry we misunderstood you but we thought that this was what was asked for.

Mr. Ginwala.—This is all right as far as it goes. But the point that was in my mind was that machinery was carrying only a duty of 2½ per cent., whereas the raw materials for making that machinery in this country carried a duty of 10 per cent. You said that a winding machine was one of the typical cases. You may take an article in which the proportion of steel is very much greater and work out.

Mr. Cochran.—This was a typical instance of our miscellaneous manufacture.

Mr. Ginwala.—For that purpose it was good enough, but for the present purpose you may take an article in which the proportion of steel is comparatively larger. It was stated by many witnesses here that they could not manufacture machinery here because they had got to pay 10 per cent. on raw materials whereas the finished product paid only 2½ per cent. They have promised to send us statements.

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* *Vide* Statement III (5).

Mr. Cochran.—We worked out specific examples but they gave surprising results.

Mr. Ginwala.—But where are the examples?

Mr. Cochran.—Here is one.

Mr. Ginwala.—But this is about the increase of duty from 10 to 33⅓ per cent. Can you give us examples on the other point? Take an axle-box for instance and work out the results.

Mr. Balfour.—But the axle-box is all steel.

Mr. Ginwala.—I will give you an instance. Suppose a finished machine costs Rs. 4,000. The duty on that will be Rs. 100 at 2½ per cent., but if you have to manufacture that here, you will have to pay 10 per cent. on the raw materials. Taking the cost of the raw materials at Rs. 2,000 you will have to pay Rs. 200 on that as duty, whereas if you import the machine you have to pay only Rs. 100 duty. Of course one instance I know is cable wire. There of course the raw materials bear, more or less, 10 to 15 per cent. duty whereas the whole thing bears 2½ per cent. duty, but I have not been able to find any other example though the statement was made by you and other witnesses.

Mr. Balfour.—The statement we made was that if you put an extra duty on steel, it would raise our cost. I took the winding engine as an excellent example to show this.

President.—But this example shows that there is a very small difference.

Mr. Cochran.—That is so.

Mr. Ginwala.—I am asking you this because the statement has been made to us that the Indian manufacturer is at a disadvantage when compared to the British manufacturer, because the finished article pays a duty of 2½ per cent., whereas the raw materials pay 10 per cent. if you want to make the machine here.

President.—If you do not manufacture anything at all in which this result happens, of course, you cannot give the information.

Mr. Cochran.—A boiler will give a good example because it is nearly all steel.

Mr. Ginwala.—Where do you get your coal from?

Mr. Cochran.—We buy Jharia and Raneegunge coal.

Mr. Ginwala.—What is the distance from here to the coal-fields?

Mr. Cochran.—200 miles.

Mr. Ginwala.—Does the cost include all the charges?

Mr. Cochran.—It includes all charges—it is the price delivered at our sidings.

Mr. Ginwala.—Have you any collieries of your own?

Mr. Cochran.—We have a small colliery of our own.

Mr. Ginwala.—What do you charge?

Mr. Cochran.—We charge at the average we buy outside.

Mr. Ginwala.—Do you consider that the rise in the price of coal is more or less permanent? Or do you attribute that rise to temporary causes?

Mr. Cochran.—I hope it is not permanent.

Mr. Ginwala.—What is it due to, do you think?

Mr. Cochran.—Extra charges paid to labour.

Mr. Ginwala.—Anything else?

Mr. Cochran.—That is much the most important point.

Mr. Ginwala.—Do you expect the wages to go down?

Mr. Cochran.—They must. Not only the labourers are doing much less work than they were doing before the war, but they have got an increase in wages.

Mr. Ginwala.—Most of these men are paid by the piece?

Mr. Cochran.—So much a basket for cutting the coal.

Mr. Ginwala.—Do they cut the same number of baskets as before, or are they cutting fewer?

Mr. Cochran.—It is not that. They probably work two or three days a week.

Mr. Ginwala.—Until the level of wages all round comes down, you cannot expect coal to be any cheaper?

Mr. Cochran.—No. Of course a certain amount of coal has to be sold at low prices.

Mr. Ginwala.—Do you make your own coke?

Mr. Cochran.—We buy our coke.

Mr. Ginwala.—Is it British coke or Indian coke?

Mr. Cochran.—We use Indian coke. We buy from the Kusumdi and Nyadi collieries,—Messrs. Martin & Co.

Mr. Ginwala.—Do they make it for their own furnaces?

Mr. Cochran.—Lots of coal companies make coke as part of their business. We make coke at Asansole for the Indian Iron and Steel Co.

Mr. Ginwala.—How much has the price of coke and coal gone up?

Mr. Cochran.—The highest price paid for coke was Rs. 40. The price to-day is Rs. 14. What we were actually paying was Rs. 26.

Mr. Ginwala.—What is the price of coal now?

Mr. Cochran.—Rs. 9 at the pitmouth.

Mr. Ginwala.—Are these contract prices that you are paying?

Mr. Cochran.—All contract prices.

Mr. Ginwala.—If you pay Rs. 9 for your coal to-day, it costs you Rs. 12 or 13 delivered at your yard. The freight is Rs. 3-8 or Rs. 4. Why is there so much difference between the price of coal and coke?

Mr. Cochran.—So much coke has been made that there are now large quantities for sale. All the companies have made far more coke than is required.

Mr. Ginwala.—How does the Indian coke compare with the British coke?

Mr. Cochran.—We never used British coke, certainly not in the last thirty years.

Mr. Ginwala.—What is the cause of the increase in the landing and clearing charges? Is it due to the Port Commissioners having raised their charges?

Mr. Cochran.—The Port Trust and the Boat companies have raised their charges.

Mr. Ginwala.—The increase is more than 200 per cent.

Mr. Cochran.—Every charge in the Port Trust has been greatly increased. I am afraid the Port Trust charge will go much higher yet.

Mr. Ginwala.—These labour charges are very interesting. Is this the charge for skilled labour?

Mr. Cochran.—You asked for typical cases from our books.

Mr. Ginwala.—If you take the average, that will give the average rise in the wages of ordinary and skilled labour.

Mr. Cochran.—The serious thing which our books show is that not only is there a rise in the wages, but they are doing much less work than they were doing in pre-war days.

Mr. Ginwala.—If you pay them by the piece it will not cost you more.

Mr. Cochran.—If you do a job in three months which you should be able to do in a month, you will soon see how large a difference it makes in the cost of production. It is a very important factor.

Mr. Ginwala.—Your turnover is not as quick as it would otherwise be?

Mr. Cochran.—Not as good as pre-war. If you take an engineering shop in India and compare it with an English shop, you will find that here we are using more plant and machinery and have invested more capital than you will find in an English shop to get the same outturn in a year.

Mr. Ginwala.—But that is a permanent disadvantage in your case.

Mr. Cochran.—It was a disadvantage even before the war, but since the war it is getting worse.

Mr. Ginwala.—Do you expect to bring down wages in this Department?

Mr. Cochran.—They are bound to come down.

Mr. Ginwala.—How much are they higher than they ought to be?

Mr. Cochran.—They ought to come down by 25 per cent. to begin with.

Mr. Ginwala.—Is there a general drop in prices all round? On what basis do you think wages should come down? Is it because they do less work or is it because they can live cheaper?

Mr. Cochran.—We had plenty of work but now everybody is running out of work and shops are getting empty. Labourers are coming very near to the conditions they have got in England. They have got to choose between taking much lower pay or going without work.

Mr. Ginwala.—Do you say that the cost of living has come down so much?

Mr. Cochran.—The question of cost of living does not come in. They will have to accept the wages offered or starve

Mr. Ginwala.—Unless the cost of living goes down, do you expect that drop?

Mr. Cochran.—Take England for instance. Everything is coming down there. Why should not things come down here? Food is very much cheaper now than it was this time last year.

President.—Do you think that the increase in wages shown in your statement is disproportionately large having regard to the increase in the cost of living?

Mr. Cochran.—I should like to put it this way. The wages are not proportionate to the amount of work you are getting.

President.—Your point is extremely important, but Mr. Ginwala's point is rather different. Do you think that they are better paid in real wages than they were before the war?

Mr. Cochran.—My experience about the rise in the cost of living is this: the cost of living followed up the rise in wages. All the shopkeepers raised their rates in the same proportion and even more, so that the labourer after he got the rise in wages is now in a worse position than he was before. Men are now up against either taking work on a lower pay or not having any work at all.

Mr. Kale.—May I take Rs. 200 as the price of steel landed in your yard—structural steel? How do you make out that figure—Rs. 200? It appears to me a bit too high. I should like to know how you arrived at that figure

Mr. Cochran.—I have got to work out that for you and send the details. I shall take specific cases (*a*) and (*b*) and work. These are typical, and pertain to the period to last October.

Mr. Kale.—You discuss the question of wages. Are you aware that the increase in general of prices in India is still something like 60 per cent. above the figure for 1913-14?

Mr. Cochran.—I have not looked up any figures for a long time.

Mr. Kale.—You may take it from me that the increase probably is more or less 60 per cent. on the pre-war figure. But the increases that are shown here in the statement of wages are 23 per cent., 42 per cent. and so on. These increases are not commensurate with the increase in the cost of living. In certain cases the increase is much smaller than the general rise that has taken place in the cost of living. You say it is possible to reduce wages and the labourers will have to choose between either taking work on smaller wages or starving, and that is what is going to happen on account of unemployment and general industrial depression. Do you not think that this will lead to a reduction of efficiency again? If wages are reduced will not efficiency be reduced?

Mr. Cochran.—I think you will get more work. They will try to work more to earn more.

Mr. Kale.—Do you attribute the lethargy to the fact that they do not understand the principle that they must work more in order to earn more?

Mr. Cochran.—They get enough by working half a week: that is sufficient, they think, and they want no more.

Mr. Kale.—Is that the case in your works?

Mr. Cochran.—Monday is a terrible day in our works. There are very many absentees. Saturday is supposed to be the best day.

Mr. Kale.—What is the number of absentees generally?

Mr. Cochran.—We will give you figures.*

Mr. Kale.—I have seen certain figures and have found that people are absent too often.

Mr. Cochran.—That is the great trouble. If a man working on the machine goes off for two or three days the machine lies idle. He does not lose as much as we do.

Mr. Kale.—He does not realise his own importance. Wages on the whole are not very high and he must be satisfied with what he gets. Rs. 36 for a blacksmith. That is not a very extravagant wage to receive and therefore it is rather lethargy on their part that they do not try to earn more.

Mr. Mather.—About these labour rates, may I ask if these are nominal rates for a full month's work or actual averages?

Mr. Cochran.—Average rates. Some of these men are paid wages even as much as Rs. 150. There is besides a small bonus which is not included in this. If a man works for a certain number of days without being absent he gets a certain amount of bonus.

Mr. Mather.—On the first page of your statements—Structural and Girder shops—you say "Trough Plates are not pressed in this country." Suppose your request for guaranteed Government orders in India or any other kind of assistance is complied with, do you think that the increased volume of work would justify either you or Tata's putting down machinery for pressing trough plates?

Mr. Cochran.—We have machinery in the Standard Wagon Co.'s works and it is our intention to do that as soon as we get plates from Tata's.

Mr. Mather.—The probability then is that in future trough plates would be made of Indian steel?

Mr. Cochran.—There is no reason why it should not be.

Mr. Mather.—The only other question I have to ask is about the scale of charges for extras. On all these basic price for beams, plates and so on you have to take these extras into account when buying sheets, etc. Have you got an authorized list of current English extras?

Mr. Cochran.—Yes.

Mr. Mather.—Would there be any objection to supplying that to the Board?

Mr. Cochran.—We will give you a copy of it.†

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* *Vide* Statement III (6).

† Not printed.

No. 23.

Messrs. Jessop & Co., Ltd., Calcutta.

WRITTEN.

Statement I.—Letter dated September 14th, 1923, from Jessop & Co., Ltd., to the Secretary, Tariff Board, forwarding their replies to the Board's questionnaire.

In reply to your Circular No. 163, dated 29th August 1923, enclosing a copy of a short questionnaire drawn up by the Board in connection with their enquiries into the Steel Industry.

We have the pleasure in enclosing our replies in 6 copies, but we wish to draw your attention to three important points:—

(1) It is, in our opinion, essential that any tariff imposed by the Central Government must be collected from all importers whether private or Government. No exceptions may be tolerated.

(2) Concentrating the purchase of all Government requirements in India instead of continuing the present dual system of local and European purchasing will go far to cultivate keen competition in India.

(3) A complete system of purchasing in India at rupee prices will bring large stock of stores to the country and enable the Railway and other Government departments to cut down their present unwieldy stocks.

In paragraph 3 of your letter you state it is desirable that the question of the cost of production should be dealt with as fully as possible. This we maintain, in view of competition in India and abroad, we cannot comply with, but we shall be pleased to give you all the figures you may require *in camera*.

Similarly your question (6) could be fully dealt with.

We are quite agreeable to have the replies enclosed made available for the public, and we will be pleased to give oral evidence on any convenient date.

Replies to Questionnaire No. I.

(1) We consider the imposition of a 33⅓ per cent. duty on imported steel will not only adversely affect the operations of our works but it will seriously restrict the use of steel for building purposes.

In the days before cheap steel was obtainable the timbers of India were used for a great many engineering purposes and there is no reason to believe that a high tariff on imported steel would not compel users to go back to the freer use of timber.

The extent of the injury that such a high tariff would inflict on the engineering industry cannot be accurately gauged but it might safely be prophesied that quite half the workers employed in the steel and allied industries would be thrown out of work as a result of it.

On the other hand for the steel industry to receive a direct subsidy would in no way affect the industries dependent on the use of steel.

(2) We should like a verbal alteration made in this question. Substitute the word "desirable" in place of the word "necessary."

(*a*) **Railway Wagons—Broad and Metre Gauge.**

(*b*) **Railway and Road Bridges.**

(*c*) **Roof Trusses and Columns.**

(*d*) Tea Houses, Withering Lofts and Tea Racks.
(*e*) Pit Head Frames and Coal Skips and Tubs.
(*f*) Fencing and Gates for all purposes.
(*g*) Oil and Water Tanks and Stagings and Pipes.
(*h*) Boilers and Vats.
(*i*) Dog Spikes, Bolts, Nuts and Rivets.
(*j*) Jetties and Pontoons and Buoys.
(*k*) Trough and Buckle Plates.
(*l*) Carts and Road Lorries.
(*m*) Cranes and Elevators.

If a 33⅓ per cent. tariff on imported steel is enacted, timber will be used largely to replace steel for most of the above manufactures.

(3) The material that enters into the constructions of the above is principally mild steel in the form of Rolled Beams, Channels, Plates, Sheets, Angles, Tees, Rounds, Squares and Flats.

To keep our works continually busy we should require—

5,000 tons of plates and sheets } per annum.
19,000 tons rolled shapes }

(4) Averaging the whole 24,000 tons of steel quoted above the cost of the material to the fabricated work would be in the proportion of 9 to 16.

(5) According to the accounts relating to the Sea Borne Trade and Navigation of British India for the year ending 31st March 1923, the steel imported into India during the period was over 900,000 tons against a probable output of 120,000 tons of local steel.

It is not clear from the Statistics of Imports whether the steel used in the imported wagons and locomotives was included in the above figure or not. If not the total imports of steel would exceed 1,000,000 tons.

(6) Our plant is at present capable of an output of 24,000 tons per annum.

(7) The Central Government including all Railways and the Provincial Governments absorb 50 per cent. of our output, the balance 50 per cent. is taken by private concerns.

None of these products are exported from India at present.

(8) No.

(9) We only fabricate for the Indian market. The competition met is from the United Kingdom, the Continent and from America.

(10) We consider that all our products are deserving of support inasmuch as the Central Government and the Railways are benefited by our activities and on account of our being the chief consumers of the steel produced by the Steel Company other than rails, the prosperity of the steel industry outside of rail making is dependent on our well being. Further the Indian worker has an aptitude for such engineering works as we try to provide him with and there is reason to believe that he will improve and be able to make himself sufficiently efficient to compete against outside competition except under stress of dumping conditions.

As we stated in reply to question (1) we think any duty on steel has a deterring effect on our output, but a subsidy will have no ill effects.

(11) The form in which protection should be granted us is in that of a tariff and the rate we consider necessary is dependent on the class of work manufactured.

(12) Yes.

Statement 11.—Letter, dated September 24th, 1923, from Jessop & Co., Ltd., to the Secretary, Tariff Board.

Referring to your letter No. 278*, dated the 19th September 1923, we give below the information asked for:—

(1) *Cost of making wagons.*

To explain our position we give you copies of our estimated costs of making an I. R. C. A. Standard Type A-1 Wagon prepared on 14th October 1922 and on 28th July 1923 together with comparative costs of imported wagons at practically similar dates. It may be that the cost of imported wagons a few days before or after these dates may be widely different from the figures we have adduced above:—

	Rs.
(*a*) Cost of material on 14th October 1922 for above wagon as per list A	3,083
Trade expenses on material, 10 per cent. . . .	308
Cost of converting material into a wagon . . .	713
Trade expenses on labour, 100 per cent.	713
	4,817
Profit .	481
	5,298
Price quoted to Railway Board on 14th October 1922 .	5,298

Against this price we were told by the Railway Board that an imported wagon would cost them approximately Rs. 3.500 each based on the lowest of over forty British, Canadian and Continental tenders. We were also informed that the lowest tender for the imported wagon was based on rates for raw material that were not materially lower than our prices.

The difference between the local and imported price is 50 per cent.

	Rs.
(*b*) Cost of material on 28th July 1923 for above wagon as per list B	2,879
Trade expenses on material, 10 per cent. . . .	287
Cost of converting above material into a wagon . .	690
Trade expenses on above	690
	4,546
Profit .	454
	5,000

To make our bid lower than Rs. 5,000 we tendered Rs. 4,997 each per wagon to the N. W. Railway.

We do not know what price the Railway Board received to check against our quotation, but from private London advices at the time we calculated that it would cost the N. W. Railway about Rs. 4,875 each for similar imported wagons at that time.

We have not yet heard the result of this tender.

The difference of price in this instance is insignificant. This can be accounted for by the fact that the enquiry was small and the English makers could guess that we were only asking for prices to make a comparison; while in case A the enquiry was for over 3,000 wagons from the Railway Board, a matter for serious consideration.

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* Not printed.

(2) In further reply to Question 6 of your questionnaire, we enclose a statement showing the output from the various departments of our works over a period of years. The figures quoted are actuals and were limited not by our capacity nor by the requirements of the country, but by the amount of work we could secure against local competition in the days when a small percentage of the work offering was placed on local tenders. Since the Reform Scheme began to function and the serious position of unemployment in England, the door to Government work for local competition only has practically been closed with the result that we have been unable, even with increased plant, to maintain 50 per cent. of the output of 1913-14 and the figures for 1923 will be considerably lower than 1921-22.

The tonnage statement referred to above requires a few explanations; for instance, we received no orders for wagons either during the war years or since 1920. The structural works were so seriously handicapped from August 1914 to the end of 1917 for want of raw material that at the request of the Tata Iron and Steel Company we removed the whole structural works *en bloc* to Jamshedpur to carry out the fabrication and erection of their Greater Extensions.

Various improvements and additions were made to our plant as it was understood that urgency was the crux of the situation but owing to the heavy demand by Government for steel rails the Tata Company were only able to keep us partially supplied with raw material, so that we never reached our full capacity.

In 1919 as the work at Jamshedpur was not completed we erected new workshops complete with machinery and plant on the old site at Howrah, under the impression that local industries were to be fostered.

The above figures show we cannot compete against foreign competition and the only prospect of keeping the works running is by protection in some form or other or the placement of work in India against local competition only.

(3) Referring to paragraph (2) of your letter under reply, it is not possible to indicate with any accuracy an arithmetical ratio that will exactly compensate the local manufacturer for a 33⅓ per cent. tariff on steel.

The following concrete example will serve to illustrate our position:—

Assuming the average price of raw material going to form a bridge with a 10 per cent. tariff on steel is Rs. 185 per ton including the cost of rivets, it may be taken that the actual cost of material required to form 1 ton of completed girder (to provide for waste in drilling rivet holes and dressing edges, etc.) is Rs. 203-8.

With material at the above rate our price for a bridge at the ratio of 9 to 16 quoted by us would be Rs. $(185 \times 16) \div 9 =$ say approximately Rs. 329 per ton. This figure will provide a price Rs. 125-8 per ton for fabricating the material.

With 33⅓ per cent. duty on steel Rs. 185 per ton would be increased to Rs. 224 per ton and the figure Rs. 203-8 would become Rs. 246-8 per ton.

With steel at this price the bridge would cost Rs. 372.

It will be seen from the above that the increased duty on steel from 10 per cent. to 33⅓ per cent. will increase the price of the bridge by just over 13 per cent.

As the price of steel approaches the pre-war figure this 13 per cent. will be altered as will be seen from the following figures:—

Price of steel with 10 per cent. tariff, Rs. 125 per ton; price of bridge, Rs. 250-8 per ton.

Price of steel with 33⅓ per cent. tariff, Rs. 151-8 per ton; price of bridge, Rs. 277 per ton.

Increase in price of bridge due to tariff, 10·6 per cent. only.

Now for your further information we wish to state a few facts with regard to the Engineering trade exclusive of the bearing of the steel trade and also to end by summarising our views.

As an instance of this we quote the tender for the Sone Bridge.

From London advices we made the tender that secured the order work out to Rs. 284 per ton at 1*s*. 4*d*. Exchange against local tenders of Rs. 390 per ton made up as follows: —

	Rs.	A.	P.
	per cwt.		
Cost of material	9	12	0
Trade expenses on material, 10 per cent.	0	15	0
Labour	2	0	0
Trade expenses on labour, 250 per cent.	5	0	0
	17	11	0
Profit	1	12	0
	19	7	0

The local price being just over 37 per cent. more than the imported price.

The difference between the local and imported prices of other structural steel is less than for bridge work, being about 30 per cent. only.

It would appear, therefore, that to serve any useful purpose in the fostering of local industries a high tariff is needed but there are a great many economic advantages derived from local manufactures such as returns to the Central Government by way of taxes and duties paid by both the industrial worker as well as by his employer and profit to railways on the carriage on goods that are never considered in any face value comparison of prices tendered against outside competition.

With some of the railways who have 1*s*. 8*d*. per rupee contracts with Government no form of protection short of compulsory placing of orders locally will avail local industry as the favourable exchange rate makes competition impossible.

To summarise we suggest the assistance necessary to local industries is: —

(1) All raw material to enter the country duty free. The steel industry to receive such subsidy as might be considered necessary.

(2) Curtail such State enterprises as Railway Management, Engineering Workshops, etc.

(3) Guaranteed Government orders at competitive Indian prices.

(4) To provide sufficient funds to compensate for loss of revenue through allowing raw material free into the country and to pay the subsidy to the Steel Company and to assist the engineering industry: —

  (*a*) Impose a tariff of 50 per cent. on wagons.
  (*b*) Impose a tariff of 33⅓ per cent. on bridge work.
  (*c*) Impose a tariff of 25 per cent. on other structural work.
  (*d*) Impose a tariff of 33⅓ per cent. on dog spikes, fish bolts and nuts and points and crossings.

We can supply you with any further particulars required and we shall be pleased to attend your office on Wednesday the 26th to give oral evidence in preference to Friday.

LIST.A.

Materials for one A-1 Type Wagon.

	Rs.	A.	P.
(1) Mild steel plates and sheets, 34 cwt. at £16 or Rs. 240 per ton	408	0	0
(2) Rolled sections, 51 cwt. at £12 or Rs. 180 per ton	459	0	0
(3) Forging material, 34 cwt. at £16 or Rs. 240 per ton	408	0	0
(4) Horn cheeks, 1 set at £2 or Rs. 30 per set	30	0	0
(5) Yorkshire iron, 1½ cwt. at £2-3-0 or Rs. 32-4 per cwt.	48	6	0
(6) Axle boxes, 1 set at £13-10-0 or Rs. 202-8 per set	202	8	0
(7) Bearing springs, 1 set at £20-0-0 or Rs. 300 per set	300	0	0
(8) Buffers, 1 set at £15-0-0 or Rs. 225 per set	225	0	0
(9) Vacuum brake, 1 set at £23-10-0 or Rs. 352-8 per set	352	8	0
(10) Screw coupling, 1 set at £4-5-0 or Rs. 63-12 per set	63	12	0
(11) Cast iron, 1½ cwt. at £0-10-0 or Rs. 7-8 per set	11	4	0
(12) Buffing and draw springs, 1 set at £9-0-0 or Rs. 135 per set	135	0	0
(13) Diagonals, 4 sets at £13-0-0 or Rs. 195 per set	195	0	0
(14) Door controllers, 1 set at £4-6-0 or Rs. 64-8 per set	64	8	0
(15) Bolts, nuts, rivets and washers, 1 set at £12-0-0 or Rs. 180 per set	180	0	0
	3,082	14	0

Say—Rs. 3,083.

As cabled by our London Office in their No. 104, dated 6th October 1922.

LIST B.

Material for one A-1 Type Wagon.

	Rs.	A.	P.
(1) Mild steel plates and sheets, 36 cwt. at Rs. 12 per cwt.	432	0	0
(2) Rolled sections, 51 cwt. at Rs. 9 per cwt.	459	0	0
(3) Forging material, 36 cwt. at Rs. 12 per cwt.	432	0	0
(4) Horn cheeks, 1 set at Rs. 25 per set	25	0	0
(5) Axle boxes, 1 set at Rs. 212 per set	212	0	0
(6) Bearing springs, 1 set at Rs. 241 per set	241	0	0
(7) Buffers, 1 set at Rs. 216 per set	216	0	0
(8) Vacuum brakes, 1 set at Rs. 301 per set	301	0	0
(9) Screw couplings, 1 set at Rs. 90 per set	90	0	0
(10) Buffing and draw springs, 1 set at Rs. 139 per set	139	0	0
(11) Diagonals, 1 set at Rs. 152 per set	152	0	0
(12) Bolts and nuts, 1 set at Rs. 180 per set	180	0	0
	2,879	0	0

As cabled by our London Office in their No. 591, dated 20th July 1923.

Tonnage Output.

	1912-13.	1913-14.	1914-15.	1915-16.	1916-17.	1917-18.	1918-19.	1919-20.	1920-21.	1921-22.	Present average capacity.
Wagon works	2,820	5,760	3,460	1,990	100	*Nil.*	*Nil.*	*Nil.*	*Nil.*	2,260	6,000
Structural works, Howrah . . .	13,847	14,633	5,770	4,810	4,440	578	*Nil.*	1,361	3,768	6,140	9,000
Structural works, Jamshedpur . .	*Nil.*	*Nil.*	*Nil.*	*Nil.*	*Nil.*	815	3,560	4,389	5,150	3,450	7,000
Mechanical works, Howrah . .	824	963	624	541	772	600	845	1,166	917	889	2,000
TOTAL . .	17,491	21,356	9,854	7,341	5,312	1,993	4,405	6,916	9,835	12,739	24,000

Statement III.—Additional information called for, as below.

A. *What is the pre-war cost of wagons.*
B. Give further details of our tender for the Sone Bridge.
C. Illustrate cost of girder work by an example.
D. Illustrate cost of structural work by an example.
E. What were the amounts paid in 1921 and 1922 for the following:—

European supervision.
Anglo-Indian supervision.
Indian supervision.
Indian labour.

A. Tender, dated July 1904.

E. B. R. wagons. Four-wheeled covered jute wagon 27′ 7″ long exclusive of vacuum brakes, springs and wheels and axles.

	Rs.
Angles and tees, 7½ cwt. Plates in body, 50¼ cwt. Plates in floor, 18¾ cwt. } at Rs. 5-12 per cwt.	440
Draw gear, side chains, draw bars and hooks, 3½ cwt.	112
Couplings	52
Underframes, 31 cwt.	280
Bolts, nuts and rivets, 6 cwt. at Rs. 15 per cwt.	90
Brake racks, axle guards, pins, washers, etc., 6 cwt. at Rs. 22 per cwt.	132
Other forgings, 10 cwt. at Rs. 22 per cwt.	220
Cast iron, 3 cwt. at Rs. 6 per cwt.	18
Material	1,353
Trade expense on material, 10 per cent.	135
Labour	380
Trade expense on labour, 100 per cent.	380
	2,248
Profit 10 per cent.	224
	2,472

Tender, dated April 1908.

N. W. Railway wagons. Four-wheeled covered goods, 23′ long including vacuum brakes, but exclusive of springs, draw bars and wheels and axles.

Type old I. S. R. Standard covered goods wagon similar to, but lighter han, present A-1 Type.

	Rs.	A.	P.
Plates and angles in body, 35 cwt. at Rs. 6-8 per cwt.	227	8	0
Material in underframes, 36 cwt. at Rs. 5-8 per cwt.	198	0	0
Roof sheets, 6 cwt. at Rs. 11-4 per cwt.	67	8	0
Floor plates, 14 cwt. at Rs. 6 per cwt.	84	0	0
Forgings	360	0	0
Brake gear	298	0	0
Couplings	60	0	0
Buffer plungers and axle box fittings	140	0	0
Material	1,435	0	0
Trade expense on material, 10 per cent.	143	0	0
Labour	204	0	0
Trade expense on labour, 100 per cent.	204	0	0
	1,986	0	0
Profit, 10 per cent.	198	0	0
	2,184	0	0

Tender, dated June 1913.

E. B. Railway wagons. Four-wheeled cover Jute wagons, 27′ 7″ long xclusive of vacuum brakes, springs and wheels and axles.

	Rs.
Angles and tees, 7½ cwt. Plates in body, 50¼ cwt. } at Rs. 6-12 per cwt. Plates in floor, 18¾ cwt.	517
Draw gear, side chains, draw bars and hooks, 3½ cwt.	130
Couplings	60
Underframes, 31 cwt.	339
Bolts, nuts and rivets, 6 cwt. at Rs. 17-8 per cwt.	105
Brake racks, axle guards, pins, washers, etc., 6 cwt. at Rs. 25-8 per cwt.	153
Other forgings, 10 cwt. at Rs. 25-8 per cwt.	255
Cast iron, 3 cwt. at Rs. 6 per cwt.	18
Material	1,577
Trade expenses on material, 10 per cent.	157
Labour	380
Trade expenses on labour, 100 per cent.	380
	2,494
Profit, 10 per cent.	249
	2,743

B. Tender, dated September 1922.

Total weight of one span 96½ tons.

	Rs.	
Material at Rs. 9-12 per cwt.	18,809.6	
Trade expenses on material at annas 15 per cwt.	1,808.6	
Labour at Rs. 2 per cwt.	3,858.38	
Trade expense on labour at Rs. 5 per cwt.	9,645.95	
	34,122.53	
Profit at Re. 1-12 per cwt.	3,376.08	
	37,498.61	
Say Rs. 19-8 per cwt.	37,619	per span
93 spans required making a total cost of	34,98,567	

Details of the above figure Rs. 37,619 for one span in an alternative form.

Particulars.	Weight. Cwt.	Material Cost.	Trade expenses on material 10 %.	Labour Cost.	Trade expenses on labour 250 %.	Profit.	Total Cost. Rs.	**Remarks.**
		per cwt.	per cwt.	per cwt.	per cwt.	per cwt.		
Two top boom ends	310	Rs. 8-7-0	Rs. 0-13-6	Rs. 1-12-0	Rs. 4-6-0	Rs. 1-9-6	...	Rate overall 17 cwt.
One " " centre	194·25							
Two bottom boom ends	200·5							
One " " centre	117·5							
Main gussets	197							
Increment angles	21·5							
Vertical bracings	51·4							
Diagonal "	283							
Bracings between girders	69							
Totals	1,444·15	12,185	1,218·5	2,527·3	6,318·1	2,301 65	24,550·55	
Ballast plates	40·2	Rs. 8-7-0	Rs. 0-13-6	Re. 1-0-0	Rs. 2-8-0	Rs. 1-3-6	...	Rate overall 14 cwt.
Trough plate covers	44·25							
Ballast plate angles and covers	20·5							
Bearing plates at abutments	6							
Total	110·95	936·14	93·61	110·95	277·4	135·2	1,553·3	

Particulars.	Weight. Cwt.	Material Cost.	Trade expenses on material 10%.	Labour Cost.	Trade expenses on labour 25%	Profit.	Total Cost. Rs.	REMARKS.
Rate per cwt	...	Rs. 9	Rs. 14-9	Rs. 2	Rs. 5	Rs. 1-9-3		
M. S. trough plates	268·7	Rs. 2,418·3	Rs. 247·75	Rs. 537·4	Rs. 1,343·5	Rs. 424	Rs. 4,970·95	Rate over all Rs. 18-8 per cwt.
Cast iron bearings	77·75	..	...	...	...	...	Rs. 5,082·2	
Cast steel in bearings	16							
Phosphor bronze	1·8							
Service bolts, nuts and washers	5							
M. S. Pins	3·84							
H. D. Bolts	1·0							
Timber for gangway	...	...	...	...	...	...	Rs. 374	
Gas tube handrailing	...	...	...	...	...	...	Rs. 88	

Total weight of one span . . . Cwt. 1,929·19 Total Rupee cost of one span . . 37,619

C. METRE GAUGE GIRDERS.

M. & S. M. Railway.

Tender, dated May 1922.

Total weight 781.5 tons.

	Rs.	A.	P.
Material at Rs. 9 per cwt.	1,40,670	0	0
Trade expenses on material, 10 per cent. at As. 14-9 per cwt.	14,408	14	6
Labour at Rs. 2 per cwt.	31,260	0	0
Trade expenses on labour, 25 per cent. at Rs. 5 per cwt.	78,150	0	0
	2,64,488	14	6
Profit, 10 per cent. at Re. 1-9-3 per cwt.	24,666	1	6
TOTAL	2,89,155	0	0

Cost per ton Rs. 370.

Placed in England at Rs. 280 per ton landed in India.

D. WELL CURBS.

Port Commissioners.

Tender, dated November 1922.

Total weight 195 tons.

	Rs.
Material at Rs. 8-7 per cwt.	32,906
Trade expenses on material, 10 per cent. at As. 13-6 per cwt.	3,290
Labour at Rs. 2-2 per cwt.	8,287
Trade expenses on labour, 250 per cent. at Rs. 5-5 per cwt.	20,718
	65,201
Profit, 10 per cent. at Re. 1-10-9 per cwt.	6,520
	71,721

Cost per ton Rs. 368.

Placed in England at Rs. 273 per ton landed in India.

E. SUMMARY.

	1920-21. Rs.	1921-22. Rs.
European supervision	1,78,340	1,76,641
Anglo-Indian supervision . . .	2,08,682	1,98,114
Indian supervision	29,875	38,059
Indian labour (employed mainly through contractors including supervision by Indian contractors)	12,17,767	11,94,188

Statement IV.—Handed in by witness on October 5th, 1923.

Cost of A-1 Type wagon with material and labour at 1913 prices with 10 per cent. duty on material.

	Rs.
Mild steel plates and sheets, 36 cwt. at Rs. 6-12 per cwt. .	243
Rolled sections, 51 cwt. at Rs. 6-12 per cwt.	344
Forging material, 36 cwt. at Rs. 6-12 per cwt. . . .	243
Horn checks, 1 cwt. at Rs. 20 per cwt.	20
Brake racks, axle guards, pins and washers	153
Bearing springs	120
Buffers	108
Vacuum brake	150
Screw couplings	60
Buffer and draw-springs	69
Diagonals	76
Bolts and nuts	90
	1,676
Duty, 10 per cent.	167
	1,843
Trade expenses on material, 10 per cent.	184
Labour	420
Trade expenses on labour, 100 per cent.	420
	2,867
Profit, 10 per cent. . .	286
	3,153

Wheels 1913 . . £20 per pair.
Wheels 1922 . . £42 per pair.

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13 MAR 1924

Oral evidence of Mr. H. E. SKINNER, Mr. S. A. SKINNER and Mr. C. I. RODDICK, representing Messrs. Jessop & Co., Ltd., recorded at Calcutta, on the 26th September 1923.

President.—How long is it since the firm of Jessop and Co. was established?

Mr. S. A. Skinner.—About 1820—under that name. The business was carried on before under another name.

President.—General engineering, I take it, was what it was started for?

Mr. S. A. Skinner.—Yes; including bridge-engineering and shipbuilding.

President.—Were your works all along at Howrah?

Mr. S. A. Skinner.—Our works were in Clive Street.

President.—When did the firm establish their works at Howrah?

Mr. S. A. Skinner.—About 1890.

President.—When was the Limited Company established?

Mr. S. A. Skinner.—The English Limited Company was about 1901.

President.—Is the Company registered in England?

Mr. S. A. Skinner.—Yes. It was originally in India—domiciled in India but took a sort of naturalization papers in England.

President.—Is it a Company with sterling capital?

Mr. S. A. Skinner.—Yes.

President.—Where is the capital held mainly? Is it mainly British capital?

Mr. S. A. Skinner.—The owners are British; the shareholders are mostly English but they lived their lives in India and retained their interests.

President.—What is the capitalization of the Company?

Mr. S. A. Skinner.—The nominal issued share capital of the Company is

	£
12,000 preference shares of £10 each	120,000
26,000 ordinary shares of £10 each	260,000
38,000	380,000

President.—I understand at present you have at Howrah not only structural and mechanical works but wagon-building works also.

Mr. S. A. Skinner.—We don't build wagons at Howrah. As a rule wagons are built at our Garden Reach Works, Kidderpore.

Mr. Roddick.—These were established sometime in 1901.

President.—You have told us in your written statement that during the war the structural works were removed to Jamshedpur, but that after the war—in 1919—you began to set up new structural works at Howrah. The mechanical works have, I understand, been operating continuously at Howrah?

Mr. Roddick.—Yes.

President.—Are they on the same site as the structural works?

Mr. S. A. Skinner.—Side by side.

President.—I take it that in your engineering works you are concerned not only with steel but with cast iron also?

Mr. S. A. Skinner.—We are concerned with all engineering materials.

President.—Of the total amount of work you do in your structural and mechanical shops is cast iron or steel the more important as regards the amount of work you do?

It will be easy to take first the answers to our questionnaire. In your answer to question 1 of the questionnaire you have mentioned a possibility—also mentioned by the Engineering Association—that, if the price of steel were substantially increased, the tendency would be to use timber instead of steel. The representatives of the Association kindly promised that they would endeavour to work out for us some sort of calculation to show at what stage in the increase of price of steel timber would seriously begin to compete.

Mr. S. A. Skinner.—At about 27½ per cent. exclusive of any duty. There was a meeting on Monday when this question was considered.

President.—May I take it that what we shall get from the Association will also represent the views of your firm?

Mr. Roddick.—Yes, no doubt. The Association called a meeting to consider the points that were raised.

President.—If the Association still represent your views then we won't waste our time in putting questions.

Mr. S. A. Skinner.—My brother (Mr. H. E. Skinner) is on the Committee of the Association.

President.—If however the Association come to conclusions with which your firm does not agree, it is always open to you to let us know.

In reply to the second question which was "What are the principal products manufactured by your firm for which steel is a necessary raw material," you prefer to put the question in this form "for which steel is a desirable raw material" and you have given a list of the products. Then you go on to say "If a 33⅓ per cent. tariff on imported steel is enacted timber will be used largely to replace steel for most of the above manufactures." Let us take some of the items; in the case of railway wagons to what extent could timber replace steel?

Mr. H. E. Skinner.—For the bodies the underframe.

President.—You think for that wood would be used?

President.—I take it there was a good deal of reconstruction after the war, when wooden wagons were converted into steel wagons. We were so informed by Messrs. Burn and Company.

Mr. S. A. Skinner.—I don't know.

President.—They mentioned that the Standard Wagon Company had done a good deal of work in converting American wooden wagons into steel wagons.

Mr. H. E. Skinner.—Perhaps that was done to bring all wagons into line.

President.—If I remember aright they were covered wooden wagons converted into steel wagons.

Mr. S. A. Skinner.—We had nothing to do with that transaction.

President.—What I was going to suggest was that, if the Government thought it worth while to convert these wagons, it rather suggests that they distinctly prefer the steel wagons.

Mr. Roddick.—That was perhaps due to an intention on the part of Government of reducing all wagons to a standard.

President.—Let us take the next item—Railway bridges. Is it conceivable that for the larger bridges wood would replace steel?

Mr. S. A. Skinner.—I should not think so. It might replace some of the smaller bridges. Wood is mentioned here, but there may be other materials, *e.g.*, reinforced concrete.

President.—Roof trusses and columns. Are these the kind of things that you use in steel frame buildings?

Mr. S. A. Skinner.—We use them for sheds, warehouses, jute godowns and things like that.

President.—You think in their case also wood could to some extent replace steel?

Mr. H. E. Skinner.—To a considerable extent.

Mr. Roddick.—Perhaps the ruling factors in these matters would be whether the wood will last as long as steel or corrugated sheets taking into consideration the question of price.

President.—You think satisfactory buildings could be constructed by making a larger use of wood?

Mr. S. A. Skinner.—They are now built of wood in Burma. Wood is cheaper there and is more largely used. If you put the same difference between wood and steel in India the people here will make the same use of it as they do in Burma.

Mr. Ginwala.—Wood is not used so much now as before; wood is nearly as expensive as steel now.

Mr. S. A. Skinner.—It is a question of price. If you come in and make the price of one more and the other less it naturally affects the demand.

President.—I think what Mr. Cochran told us was that the timber most likely to be used in place of steel was probably teak.

Mr. S. A. Skinner.—Teak is the best known and the most popular timber.

President.—It is fairly expensive, I think.

Mr. S. A. Skinner.—Yes.

President.—Do you think the market for teak would be affected pretty rapidly by an increase in demand: that is to say if there were a larger demand for building purposes, would the price at once begin to rise?

Mr. S. A. Skinner.—On ordinary market principles that would probably be the case but I have no direct knowledge of the question. I do not know what the supplies of teak are but new methods of treating wood are continually being evolved and an increased demand would probably make Forest officers more keen to supply it. Probably other qualities of wood would come on the market.

President.—Do you think that Burma would be the principal source of supply?

Mr. S. A. Skinner.—I have no direct knowledge on the point but Burma is at present the largest market for wood. I do not know how far Indian forests are at present being developed, and how far you can get Himalayan Sál and other timber for this purpose.

President.—The main forests in India are situated at some distance from Calcutta and the railway freight would be a serious business if timber had to be brought down in considerable quantities.

Mr. S. A. Skinner.—There are big rivers like the Ganges and the Bramhaputra, but I do not know how far it is possible to float timber down them. They do that in Burma. We however do not know much about that; we are carrying on with iron and steel.

President.—At any rate it is only in general terms that you tell us about this question of wood?

Mr. S. A. Skinner.—We have no special knowledge.

President.—Let us take item (g) Oil and Water Tanks. Do you contemplate these being made of wood?

Mr. S. A. Skinner.—You cannot make pipes of wood. But concrete tanks may be used.

President.—The next item is " Boilers and vats."

Mr. S. A. Skinner.—Vats may be of concrete.

President.—Of course as regards dogspikes, bolts and nuts, etc., timber is a little out of date?

Mr. S. A. Skinner.—It is quite. Even if you use timber you have to use the nails so that you cannot do without iron and steel but merely curtail the use of it. All these rafters, for instance, joists, channels, etc., would naturally be replaced by wood as steel becomes expensive.

President.—Take the case of beams. How do the price of steel beams compare with that of wooden beams and in the second place what is their relative durability?

Mr. Roddick.—I could not say off-hand, but I shall send you details.

Mr. H. E. Skinner.—A wooden beam 8 × 12 × 16 capable of carrying a load of 8 tons taking timber at Rs. 180 a ton will cost Rs. 2-4-0 per foot and an equivalent steel beam 10 × 4·66 would cost Rs. 2-4-0 a running foot at Rs. 10-12-0 per cwt., *i.e.*, after taking a rise of 27½ per cent. on the cost of steel.

President.—Does the question of relative durability come in here?

Mr. Roddick.—The question of durability has not been taken into account but that has also to be considered.

President.—My point would rather be this: that in view of the fact that in a tropical climate steel lasts a good deal longer than wood you have got to take into consideration not only the immediate cost but also the durability of the two materials so that until steel became substantially dearer than wood, wood could not seriously compete.

Mr. Roddick.—The question of durability has to be worked out although there are quite a number of buildings in Calcutta built with timber beams which are more than 100 years old.

Mr. H. E. Skinner.—Steel corrodes quickly if not properly cared for.

President.—Is it your view that as soon as steel and wood reach approximately the same price for the same quantity they would begin to compete?

Mr. S. A. Skinner.—Steel will have the preference if the price is the same unless there was excessive corrosion in the steel and wood was specially suitable.

President.—In answer to question 3 you have given the total quantity of steel you would require to keep your works fully employed and I gather from what you tell us to-day that that is your principal raw material.

Mr. S. A. Skinner.—Steel is the principal raw material for all four works. For the two works at Howrah and the works at Jamshedpur steel is the main raw material. I think we have given you figures. I suppose cast iron comes to about 10 per cent.

President.—The steel used to come to about 24,000 tons annually?

Mr. Roddick.—Yes.

President.—In answer to question 5 you have given the total consumption of steel in British India. The object of that question was rather different. What we wanted to ascertain, if possible, was the total consumption of each of the various products. I take it that you are not in a position to give that information.

Mr. Roddick.—You mean the various sections of steel.

President.—I hoped it might be possible to get a figure for the total consumption of fabricated steel in India, but I do not know whether that is quite possible.

Mr. S. A. Skinner.—The quantity of fabricated steel we have knowledge of is what is imported into India.

President.—The total amount that India requires annually is what I want. But I quite see that owing to the form in which the trade returns are prepared it is exceedingly difficult to get information of that kind.

Mr. Roddick.—You cannot get it. I tried to ascertain that yesterday but could not find it.

Mr. S. A. Skinner.—Of course the customs officers can often furnish a lot more information by reference to their books and so forth.

President.—In answer to question 7 you have said that "the Central Government (including all Railways) and the Provincial Governments absorb 50 per cent. of our output, the balance 50 per cent. is taken by private concerns." Under which of these do you include bodies like the Port Trust, Municipalities, and so on? They are public bodies though not branches of Government.

Mr. Roddick.—They come under 'private.'

President.—So that practically more than half of your outturn is taken by public bodies in one form or another.

Mr. Roddick.—Yes.

Mr. S. A. Skinner.—Public bodies control all transport in this country and they take a large proportion of our manufactures. That means only a small proportion is required by private persons.

President.—That is a very important point. Can you give us the approximate quantity of steel you deal with annually in your merchant business? How much do you import?

Mr. S. A. Skinner.—Yes. I should say we import approximately about the same quantity as we fabricate. A lot of our merchant business is in Tata's steel. We import on an average about 1,000 tons a month and perhaps a similar quantity we obtain from Tata's. We use a certain quantity of the sections they make, but up till now they have not supplied a very large number of the sections we require.

President.—Where does that steel go to? Who are your principal customers?

Mr. S. A. Skinner.—A lot of that goes to builders and contractors and some goes to the bazar trade. Some also goes to the Public Works Department contractors and some to other engineering firms for structural purposes and for building workshops. A certain proportion goes to Government departments and so on. Sometimes the Public Works Departments buy stores from us and issue them to the contractors for the construction of their bridges and so forth.

President.—We have very little information yet as to the bazar trade in steel, where it comes from and what exactly are the channels through which these are distributed.

Mr. S. A. Skinner.—Some merchants import for the bazar trade but our business is mainly to carry stocks and deliver from stock. Some people, however, import a lot for delivery on arrival.

President.—The bulk of what you import does not go into the ordinary bazar trade.

Mr. S. A. Skinner.—It is distributed to all and sundry who use it; numerous bazar firms buy it. In the bazar trade there are a number of people who are merchants and a number of people who are more or less contractors. We supply to merchants and contractors, but on the whole we supply more to contractors who actually build.

President.—One of the things we wish to ascertain is this. Take the ordinary Indian village, where does the cultivator get his ploughshares, his kodalies, and the rest? Where does it come from; is it from the local blacksmith?

Mr. S. A. Skinner.—It is very largely made from scrap. There is a considerable import of ploughs. We are ourselves agents for certain manufacturers at Home but the village blacksmith manufactures a lot of these.

President.—Question 11 was 'if protection is considered necessary in the case of any product, at what rate and in what form do you consider it should be granted' and your answer was "The form in which protection should be granted us is in that of a tariff and the rate we consider necessary is dependent on the class of work manufactured." We have asked you, I think, for further information about that and I hope you will be able to give it to us.

Mr. Roddick.—We have given that in the summary at the end of our second letter.*

President.—You have included these proposals in the letter that you have marked confidential. The part begins "We suggest the assistance necessary to local industries................" I think it is very difficult to treat definite proposals for assistance as confidential.

Mr. S. A. Skinner.—The summary could be made public.

President.—You propose that "All raw material should enter the country duty free." Is it possible to draw a clear line of distinction between raw materials and finished products?

Mr. S. A. Skinner.—Not an absolutely clear line, but a general working principle. Raw material is more or less an understood thing.

President.—Unfortunately it is not understood in the same sense by all parties. What I mean is that the Tata Iron and Steel Company would no doubt tell me that their raw materials were iron ore, manganese, coal, etc., and that rolled steel was their finished product, whereas from your point of view steel is a raw material and a bridge or a railway wagon is the finished product. Again from the point of view of the railway administration, although a wagon could not be called a raw material, still it is part of the equipment of a Railway.

Mr. S. A. Skinner.—I do not know how seriously it does enter but I think it is exaggerated. We do not know how far the original cost of a wagon enters into the railway expenditure but I believe the cost of pulling it to and fro and leaving it in a siding is considerably more.

President.—That is possible, but the immediate point I am after is this. It is asserted as a general principle that all raw materials should enter the country duty free, but that does not carry us very far. It may be excellent in itself, but unfortunately it does not solve the difficulty about steel which after all is the result of a rather elaborate process of manufacture. If raw materials are to be admitted free we have to decide what are to be treated as raw materials. However, I would like to go on to another point. You have no doubt read paragraph 97 of the report of the Fiscal Commission in which they lay down three conditions applicable to all claims to protection—

(1) The industry must be one possessing natural advantages such as an abundant supply of raw material, cheap power, a sufficient supply of labour or a large home market. Such advantages will be of different relative importance in different industries, but they should all be weighed and their relative importance assessed. The successful industries of the world possess certain comparative advantages to which they owe their success. No industry which does not possess some comparative advantages will be able to compete with them on equal terms, and therefore the natural advantages possessed by an industry should be analyzed carefully in order to ensure as far as possible that no industry is protected which will become a permanent burden on the community.

(2) The industry must be one which, without the help of protection, either is not likely to develop at all or is not likely to develop so rapidly as is desirable in the interest of the country.

(3) The industry must be one which will eventually be able to face world competition without protection.

You have made proposals for high rates of duty, 50 per cent. on wagons, 33⅓ per cent. on bridgework, 25 per cent. on other structural work and 33⅓ per cent. on dogspikes, fishbolts and nuts and points and crossings. The first point that arises is this. Do you consider that the protection to the manufacture of those articles can be justified in accordance with the principles laid down by the Fiscal Commission?

Mr. S. A. Skinner.—Certainly, I think so.

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* *Vide* Statement II.

President.—If it is merely a question of raising revenue for whatever purpose, then on the whole is it not necessary that all products should be treated in much the same way? I do not say that all articles should pay precisely the same rate of duty, but if it is merely a question of raising more revenue all round then a general all round increase in the tariff is the natural way of dealing with it. I take it that the general principle of taxation is always to distribute the burden as fairly as possible in accordance with the ability to pay. If therefore all that is sought for is to raise revenue, it is not fair to pick out half a dozen articles and throw the whole burden on them. If the duties on certain steel products are to be raised as high as 50, 33⅓ or 25 per cent. the object in view must be protection.

Mr. S. A. Skinner.—One of the objects in view.

President.—What I am suggesting to you is this, that if there is a question of imposing duties as high as 50, 33⅓ and 25 per cent. on articles which cannot in any way be described as articles of luxury, the only possible justification must be protection.

Mr. S. A. Skinner.—We might say that, when you buy a wagon from someone else when you can make one yourself, that is somewhat luxurious. If you sit down and watch others doing the work you are surely leading a life of luxury.

President.—The people who are going to pay for these goods are not the people who are sitting idly and watching them made. After all, who will pay? Is it not primarily merchants and manufacturers in India and ultimately consumers of all classes?

Mr. S. A. Skinner.—If you build up industries here you will have the wherewithal to pay a certain amount of duty. You have preferential tariff at the present time. What we produce to some extent comes in free and our raw materials are taxed. We merely suggest that *vice versâ* should be the case. Our raw materials should be free and you should tax the finished products.

President.—I am afraid I must continue to put my suggestion that unless the Government of India were satisfied that on protective grounds these high rates of duty were necessary, their imposition could not be justified.

Mr. S. A. Skinner.—We are not in a position to find out exactly how much protection is necessary. We have only a certain amount of information doled out to us by Government. It has been publicly affirmed that the difference between our cost and that of the English manufacturers was 50 per cent. but whether that is really so we do not know. We say it is dumping. If Government says it is not dumping then that is the amount of protection that is desired.

President.—Then it is protection that you are asking for?

Mr. S. A. Skinner.—We are asking for help; help is not necessarily protection. We are asking for assistance of some kind.

President.—You definitely ask for a tariff of 50 per cent. on wagons, for instance?

Mr. S. A. Skinner.—We suggest that a tariff should be put at 50 per cent. on wagons.

President.—I again suggest that you cannot justify that except on protective grounds?

Mr. S. A. Skinner.—It is a question of revenue.

President.—I have got my doubts. I have already suggested to you that if it is also a question of raising revenue, the burden should be spread as evenly as possible. You cannot pick out two or three itmes and put a high tariff on them.

Mr. S. A. Skinner.—You can differentiate to a very large extent, 50 per cent. on something, 33⅓ on others, and something again will come in free. There is for instance a duty of 30 per cent. on motor cars.

President.—I expressly excepted luxuries as they are on a different basis. So far as I know the duties even on luxuries do not go above 30 per cent., except in the case of wines and spirits.

Mr. S. A. Skinner.—We mentioned 50 per cent. because we were told that that was the difference in price. I do not think it will, in the long run, be anything like that.

President.—But that is your specific proposal and what I put to you is this. Can you justify the imposition of a higher tariff in accordance with the principles laid down by the Fiscal Commission? What natural advantages have you got?

Mr. S. A. Skinner.—The natural advantages are cheap labour in abundance and a large population which has presumably to be supported by some means.

President.—The examples the Fiscal Commission gave were abundant supply of raw material, cheap power, sufficient supply of labour and a large home market.

Mr. S. A. Skinner.—There is cheap labour and tolerably cheap power and there is any amount of coal and iron. There are also markets here. The manufacture of bridges, wagons, etc., is suitable to Indian labour.

President.—Let us take the raw material first. At present the raw material we are concerned with is steel. The position about steel at present is that there is one firm manufacturing steel which expects to increase the scale of its operations very shortly to produce something like 400,000 tons a year, but that firm has also claimed that unless protection is given it cannot go on producing raw material. Therefore any advantage you have in respect of raw materials is likely to be prospective rather than actual at the moment.

Mr. Roddick.—It is actual at the moment, but it may not remain so. The steel is being produced there now.

President.—It is only two-fifths of the total consumption. Do you mean that as soon as the Greater Extensions come into operation you will get all your steel?

Mr. S. A. Skinner.—That was the promise the Tata Company made. The amount of steel that is fabricated in India to-day does not represent 180,000 tons which is their present output. There is steel in the country at our doors. If they can convert it into suitable sections to produce our raw material we can always buy them at more favourable prices than imported sections. Rails of course naturally do not require much fabrication but rails of themselves are not the only scope of Tata's enterprise. Tata's spent a lot of money in putting up the plate mill and so forth and contemplated that plates, etc., would be fabricated here.

Mr. Roddick.—Your original question was, is the steel actually here to-day?

President.—What I said was that Tata's say that they cannot produce steel as cheap to-day as imported steel. On that basis you cannot at present say that India possesses a natural advantage in respect of steel. What they do say is that, if they are given protection, they will be able within a comparatively short period of years to produce steel as cheap as anybody else. Therefore I said that if it is claimed that India possesses a natural advantage in respect of steel, it is a prospective rather than an actual advantage.

Mr. S. A. Skinner.—It is a prospective natural advantage if you will.

Mr. Roddick.—As far as we are concerned steel is there for us to manufacture from. Therefore our firm is justified in asking for protection, because we have got steel at our doors.

President.—It won't be there very much longer unless they are given protection.

Mr. S. A. Skinner.—We have no knowledge of that. Steel works were built ten years ago or more and we always understood that we should have a cheap supply and we have always been able to obtain steel from Tata's at favourable rates. So, so far as we are concerned, we always have naturally a cheap supply of steel from them. We understand that the position in which they are at the moment, which does not enable them to compete, is due to the pressure brought on them during the war very largely to increase their plant when the cost of increasing it was higher than ever, it was known to be—a most uneconomic proposition. They are therefore suffering from a disadvantage through spending their money at that time under pressure.

President.—I understand your position about raw materials now. As regards cheap power we have heard a good deal about the unduly high cost of Indian coal. Does that affect the cost of your operation? It is a serious item, I believe.

Mr. S. A. Skinner.—It is not a serious item with us because it does not come to be a very big factor as our electric power is advantageous.

President.—Have you got your own electric power?

Mr. S. A. Skinner.—None at Garden Reach. When we started these wagon works we were using coal. In the 20 years that have elapsed the Calcutta Electric Supply Corporation have begun to generate electricity and their modern improvements do not make the cost of power anything more to us than when we started. The Calcutta Electric Supply Corporation neutralizes the cost of coal. If we extend our works or if we have to go into new works (as the Bengal Nagpur Railway want our land) the fact that we can get cheap power from the Electric Supply Corporation neutralizes the cost of coal in our own boilers which cost us more.

President.—Do you consider the rate at which the Electric Supply Corporation can supply power is a favourable rate?

Mr. S. A. Skinner.—In our case by using their power it will neutralize our extra cost of coal.

President.—What I am getting at is whether you have an advantage in respect of cheap power?

Mr. S. A. Skinner.—We are not at a disadvantage as regards power.

President.—It has been suggested to us by at least one representative that taking into account the quality of coal it is otherwise.

Mr. S. A. Skinner.—There is no material disadvantage in respect of fuel as compared with England.

President.—As regards a sufficient supply of labour the only point that arises I think is whether there is a sufficient supply of properly trained labour.

Mr. S. A. Skinner.—We have labour which can be properly trained. This is more or less regarded in England as semi-skilled work and the natural kind of work to train Indian labour from the agricultural basis to a higher degree of mechanical skill. That is the class of work on which you can build up.

Mr. H. E. Skinner.—It is not at all beyond the scope and capability of the average Indian skilled workmen. Indian labour may be called semi-skilled.

President.—What has been your experience in your works about the possibility of training the Indian labour for really skilled work?

Mr. Roddick.—To what pitch?

President.—Take wagons, bridge work and other structural work.

Mr. S. A. Skinner.—We have been put to great disadvantage in that in view of intermittent work. We had to sell our output to Municipalities and on several occasions we have had to go without orders for years. Naturally we had to dispense with our labour and start afresh as soon as we get orders. Before the war for two or three years we had large orders to enable us to go on at full capacity. Then for two or three years we had hardly any orders. Our best workmen said "It is not good enough for us, we want continuous work" and they went elsewhere—to the railway workshops for example.

President.—In these circumstances you have had a good deal of experience in training workmen. What is the result of that experience? Are you satisfied that Indians can be trained to do most of the work in connection with wagons and structural steel generally?

Mr. S. A. Skinner.—*Certainly. Under careful supervision such as they get at Home and elsewhere, they are quite efficient at learning the work.*

President.—Let us go on to the second condition—the industry must be one which without help of protection either is not likely to develop at all or is not likely to develop so rapidly as is desirable in the interest of the country. I gathered from your written statement that at present the competition is so severe that you fear you may not be able to go on at all without help of some kind.

Mr. S. A. Skinner.—The present position is that Government are placing no orders. They have not placed any orders with us for the last two or three years.

President.—That is in regard to wagons.

Mr. S. A. Skinner.—Yes.

President.—What about bridgework?

Mr. S. A. Skinner.—Orders for bridgework have been much less than pre-war.

President.—For structural work is Government as important a customer as it is in the case of bridge work?

Mr. S. A. Skinner.—No. Not quite so much. The construction of public buildings has been fairly steady but this is relatively small as compared to construction of industrial buildings, houses and mills.

President.—Then for building and structural work you are more dependent on private orders. What has been your recent experience as regards that? Do you find it more difficult to get orders from private customers?

Mr. S. A. Skinner.—At the present time there is a slump of course.

President.—Do you mean to say that there are fewer orders or that you get a smaller share?

Mr. S. A. Skinner.—I meant that we are not getting as much at the present time. Until quite recently we have generally had a Jute mill on our books. Since long before the war that has been a sort of a stand-by job. People are not doing much at the moment.

President.—In so far as your present difficulty as regards structural work is due to lack of orders, it is one that cannot be cured by protection?

Mr. Roddick.—At the moment.

Mr. S. A. Skinner.—Our great trouble is that Government control all the transport and the transport authorities, *e.g.*, the Railway, Irrigation authorities and people of that sort are very large consumers of structural work. There is a strong prejudice in favour of sending all that work Home.

President.—I thought I had cleared up that point, that as regards structural work you are mainly dependent not on Government but on private customers.

Mr. S. A. Skinner.—Not as regards heavy structural work: you eliminated the wagons and bridges.

President.—For the moment I am talking of other structural work. What I put to you is that if the difficulty arises from the fact that private firms are not placing orders just now it is not obvious how protection can help you.

Mr. S. A. Skinner.—We do not say that they are not placing orders at all. There are considerable orders coming from different firms.

President.—You have told us that. In answer to a question put by me you said that the difficulty arose because orders were being placed for smaller quantities not because that they went to somebody else. My suggestion is that that difficulty cannot be cured by protection.

Mr. S. A. Skinner.—We claim protection on Government orders.

President.—I am still on the question of structural work.

Mr. S. A. Skinner.—We do not ask for an exorbitant protection on other structural work.

President.—You ask for 25 per cent. That is an appreciable protection. There is not really very much to justify that.

Mr. S. A. Skinner.—I believe 25 per cent. protection is common in other countries.

President.—The instructions to the Tariff Board hardly permit us to justify protection by an argument of that kind. We must be guided largely by the recommendations of the Fiscal Commission. If it is proposed to put a 25 per cent. duty on other structural work the argument that it is in force in other countries is not sufficient.

Mr. S. A. Skinner.—You have already got 10 per cent. on imported steel and only 2½ per cent. on some machinery and none on others.

President.—We had better confine ourselves to the point raised. You have not said anything about this in your representation.

Mr. S. A. Skinner.—We did not suggest that a duty of 25 per cent. should be put on other structural work solely with a view to protecting the industry.

Mr. H. E. Skinner.—At the present moment there happens to be no call for structural work of this kind at least in Calcutta. If there is a demand we might get competition from outside firms and so we require something between 20 to 25 per cent. protection.

Mr. S. A. Skinner.—Government has injured us in this way. They have published broadcast that they purchase 95 per cent. of their materials at Home because it is cheaper and better, and consequently everybody says "we have always been buying stuff from you before but if Government says that it is cheaper to buy at Home we shall also do the same." We naturally try to do everything as cheap and good as possible but we do not get orders.

President.—The third condition laid down by the Fiscal Commission is that the industry must be one which will eventually be able to face world competition without protection. How does that apply to these things—wagons, bridgework and other structural work?

Mr. S. A. Skinner.—We have faced world competition of a kind without protection for the last hundred years—1820-1920, but in the present circumstances we cannot face it.

President.—Let us take wagons. What precisely is your position as regards wagons? You say that if a 50 per cent. duty is put on, you will eventually be able to face world competition.

Mr. S. A. Skinner.—We did face competition before the war.

President.—That is to say you were tendering on equal terms with the British manufacturers before the war and obtained orders which gave you a fair profit?

Mr. S. A. Skinner.—I do not know what they were tendering for but we did get orders and gave satisfaction. We also made a margin of profit. Our theory is that as we got busy and began to make a difference in the market the home makers took fright and said that they should put a stop to it. They still control certain essential parts of a wagon such as wheels and axles, etc. Possibly you might say "you can get your wheels and axles from America." Under the present conditions that are prevailing Government say that our price is 50 per cent. higher. We have no means of verifying but we are inclined to think that it is a case of dumping. Our position is that if Government say it is 50 per cent. higher, we have no means of testing what it is and of knowing whether the price quoted is normal. During these abnormal conditions we consider we should have some protection to enable the industry to carry on until we are able to face work competition.

President.—Yes. But still there remains the question whether in the case of wagons the tariff duty is the best way of securing the object in view. Do you think it is?

Mr. S. A. Skinner.—We have put an alternative suggestion that a certain portion of Government orders should be allocated to India—"guaranteed

Government orders at competitive Indian prices.'' We regard the tariff as one of the means of enforcing the guarantee.

President.—Assuming that the customs duty had to be paid by all importers alike, whether Government or not, it would of course have this advantage that it would affect equally the Company railways as well as Government railways, whereas a guarantee of orders would come only from the Government Railways. I do not think the contracts between Government and the Railway companies would enable Government to require them to place certain orders in India.

Mr. S. A. Skinner.—We are of opinion that Government have sufficient interest and control over most of the State Railways to cover a point like that.

President.—They have full control in such matters over the State Railways, but not over the Company-managed railways.

Mr. S. A. Skinner.—They have considerable influence on the East Indian Railway.

President.—On the expiry of the present contract of course the East Indian Railway comes fully under Government control. It is only a question as to what power Government possess under their contracts with the Company-managed railways. Unless it is covered by some clause in the contract it does not seem possible for Government to coerce them about the placing of orders. After all the Directors of the Railway companies have to consider first the interests of their shareholders.

Mr. S. A. Skinner.—Government themselves are the biggest shareholders.

President.—If Government has got no power under the contract it is impossible for them to dictate.

Mr. S. A. Skinner.—I do not know anything about the powers of Government.

President.—What I really want to get at is this. It would not be possible for the Board to put forward proposals for higher rates of duty, as you suggest, on wagons, bridgework, etc., unless they can be justified in accordance with the principles laid down by the Fiscal Commission.

Mr. S. A. Skinner.—We want our local industries to be fostered. Whether it is done by means of protection or in another way it is immaterial so far we are concerned. The present position is that we have had no orders for two years and there is no possibility of getting any orders. It is no good fostering an industry for two or three years and then shutting it down. The shareholders get angry.

President.—As regards wagons I understand that you consider that the price of the British firm which contracted for 300 wagons last year was a dumping price?

Mr. S. A. Skinner.—Yes.

President.—It will not be possible to-day to go fully into the question of these wagon costs that you have given us: that will have to be done some other day and it is only the general position that I want to take up. Apart from dumping do you consider that the British manufacturer at the present time can tender for wagons at a lower price than you, and still make a profit?

Mr. S. A. Skinner.—The British manufacturer at the present time, so far as our information goes, is in the hands of a very large corporation handling considerable sums of money. They can make their own cost and write down any price they like and they can afford to do that for two or three years and there may be nothing much left to us at that time, and then they will be in the same position as before.

President.—Do you consider that the difference between the British price and the Indian price is entirely explained by dumping or do you think there is some margin at present in favour of the British manufacturer?

Mr. S. A. Skinner.—He has very great reserves and therefore quotes that price. It is a question whether he loses more in taking that order or by shutting his work down.

Mr. H. E. Skinner.—I think it is not possible for the British manufacturer to quote a lower price for the same article delivered exactly under the same conditions as we do here ready for work.

President.—You do not think that the British manufacturer can quote a lower price than yourselves under the same conditions?

Mr. S. A. Skinner.—Under normal conditions we have always held our own and there is no reason to suppose that we shall not do it in future. The present conditions are very abnormal.

President.—Take bridgework. Do you consider that there is dumping in the case of bridgework?

Mr. S. A. Skinner.—Only on big contracts of any magnitude.

President.—Do you consider that there is a certain amount of dumping in the case of bridgework?

Mr. S. A. Skinner.—Certainly. There is always a certain amount of dumping in business of course.

Mr. H. E. Skinner.—The present price is a dumping price which is intended to keep away unemployment in Great Britain and to keep their works going. In the big contracts last year or this year there was no margin of profit. In fact Directors of companies have said so in their speeches.

President.—There has been several references to this in the newspapers.

Mr. S. A. Skinner.—In many cases firms will be in a situation like this: If they have a contract for 5,000 tons of material which cost them say £20 a ton, next year it may be worth only £5 a ton. In making up an estimate for doing any particular work they would be quite justified in writing down any price from £5 to £20 for doing that particular work. Cost is a very elastic term.

President.—Were you in a position to compete with the British manufacturer for bridgework in pre-war times?

Mr. S. A. Skinner.—Government gave us work and kept us fully employed. There was an occasion when we took up bridgework at 5 per cent. below the imported cost.

President.—There is only one more point. Is it possible to give in the case of each article, wagons, bridgework, other structural work, etc., the proportion which the cost of the steel bears to the cost of the finished product?

Mr. S. A. Skinner.—We have given you the total: you want this in detail.

President.—You have made four specific proposals. If you could give us for each item the proportion of the cost of steel bears to the finished product it would be very useful.

Mr. H. E. Skinner.—The British bridge-engineer gets paid against shipping documents. We get our steel from Tata's for which we pay. The Indian manufacturer who imports steel does not get paid against shipping documents, but has to wait for about eight months before he can get his money back. There is also the difficulty about the exchange problem. So we are not on equal terms with him.

President.—The exchange may be for or against you.

Mr. Roddick.—What about the liability that arises?

Mr. S. A. Skinner.—He has powerful organisations behind him which enable him to refuse onerous clauses such as testing of materials, penalty for late delivery, etc. He dictates terms at Home on which he will have his materials tested and he will never pay for late delivery.

President.—We will make a note of these points and when the Railway people come we shall examine them on these points.

Mr. Ginwala.—In your letter of 14th September you lay down three conditions which must be complied with before anything further is done in connection with protection:

(1) You say that it is essential that any tariff imposed by the Central Government must be collected from all importers whether private or Government. No exceptions may be tolerated.

Is that a general proposition or did you make it merely with reference to steel?

Mr. Roddick.—That is a general proposition to bring you down to quote on equal terms.

Mr. Ginwala.—What are your reasons for it?

Mr. Roddick.—The main reason is that if everybody quotes on a rupee tender you can see exactly where you stand. If it is left to numerous indenting officers to make this comparison it is bound to raise a doubt.

Mr. Ginwala.—Here the comparison refers to the tariff.

Mr. Roddick.—Yes. Tariff is one of the most important things.

Mr. Ginwala.—It is all laid down in the Store Purchase rules.

Mr. Roddick.—But it is human nature not to take more trouble than is necessary.

Mr. Ginwala.—Do you realize that the suggestion is a far more serious than it appears at first sight?

Mr. Roddick.—As regards the ramifications of Government in the matter of finance I do not know.

Mr. Ginwala.—You know that the Local Governments also purchase stores. If you made Local Governments actually pay they will pay to the Central Government and there is no means by which they can get back what they have paid from the Government of India.

Mr. Roddick.—Why should Local Governments be subsidised?

Mr. Ginwala.—They import say 100,000 tons of stores. They do not pay any customs. Under your arrangements Local Governments will have to pay 10 per cent. on these stores which will go into the coffers of the Government of India and once they go there they remain there. Can you suggest any solution?

Mr. Roddick.—I cannot suggest any solution except that everybody should be treated on equal terms.

Mr. S. A. Skinner.—Perhaps you could arrange some system of rebate?

Mr. Ginwala.—But you know how reluctant the Government of India is about rebates. What is your other reason for this. What are the kinds of things they do not take into consideration?

Mr. Roddick.—They make a comparison of the prices. It may be perfectly justified but we do not know the details as to how they do it.

Mr. Ginwala.—Are you able to show that even if conditions in India are more favourable they prefer importation?

Mr. Roddick.—The tender is not always based on the price. Any one reading the Store Purchase rules can see at a glance that there is a bias for placing orders at Home on the part of both the Government of India and the India Office.

Mr. Ginwala.—Do you mean to say that even if your manufactured article was as good and the price as favourable to the Government even then they would place orders at Home.

Mr. Roddick.—I do not say that Government are treating us unfairly: I merely say that these orders are placed at Home for the reason that the law has been so framed that the various purchasing officers find it easier to place orders in England as they are relieved of responsibility.

Mr. Mather.—There is an inspecting organisation in Calcutta.

Mr. Roddick.—Certainly, this has not yet been made full use of.

Mr. S. A. Skinner.—If you study the working of the rules you can see that every possible hindrance is put in the way of the local manufacturers. We come across all sorts of obstacles.

Mr. Ginwala.—You merely explain it by the fact that there is greater inconvenience here from their point of view.

Mr. Roddick.—I am offering no explanation but that is a fact.

Mr. S. A. Skinner.—We are merely making statements. Perhaps this has not occurred to the Government of India or to the various persons concerned.

Mr. Ginwala.—Then you insist that so far as the tariff is concerned, duties should actually be paid at the Customs office by all importers whether Government or private?

Mr. Roddick.—As the Inchcape Committee points out, railways should not be subsidised, but the non-payment of duty is a direct subsidy.

Mr. Ginwala.—So far as the steel products are concerned, do you suggest that they must purchase all the steel products in this country even if they are not manufactured here?

Mr. Roddick.—Certainly. You can advertise and call for tenders anywhere in the world and give people ample opportunities to tender if you have got an efficient inspection department in India.

Mr. Ginwala.—Suppose India does not manufacture a particular article would you still purchase it in India although Government has not got any opportunities of watching its manufacture as in England?

President.—When an article is not produced in India at all I see no advantage in calling for rupee tenders for such an article.

Mr. Roddick.—We want to avoid the doubt. If a thing cannot be manufactured in India let the ordinary commercial people say whether they will manufacture the article. I do not want any Government officer to say that a certain article cannot be manufactured here.

Mr. Ginwala.—You suggest that all the purchasing must be done here in rupees. My point is that there are certain articles which are not manufactured in this country. I take it you mean that those articles which can be manufactured in this country should be tendered for.

Mr. Roddick.—No, everything. The more you purchase in this country the greater the tendency will be to manufacture in this country. It would not cost you more to purchase here.

Mr. Ginwala.—You give also, as another reason, that this would in some way cut the enormous Government stocks. Is it a great advantage?

Mr. H. E. Skinner.—You have got a large organisation for inspection at Home: this costs you a good deal. You can save all the charges on this account. You have all the shipping inspection done by private agency instead of by Government agency.

Mr. Mather.—The purchaser would naturally claim control of the inspection.

Mr. S. A. Skinner.—He could take the goods or reject them.

Mr. Mather.—But in the case of, for example, a large electric motor it is far more satisfactory to inspect it when it is being assembled.

Mr. Roddick.—The Home Inspection department would inspect that and would not allow it to be shipped unless there is a certificate from the Inspection Department at Home.

Mr. S. A. Skinner.—You can test most goods when finished quite adequately. When you have got a motor finished it is quite a simple matter for the Electrical Engineer to test it.

Mr. Ginwala.—In any case there would not be the same facilities of inspection during manufacture.

Mr. Roddick.—No. You probably would have to have an Inspection Department.

Mr. Ginwala.—Don't you admit that when an article is finished it is more difficult to ascertain whether it is of the kind required than if it was inspected while it was being manufactured?

Mr. Roddick.—I do not see it. If any manufacturer wants to hoodwink the inspector it will be done. That is not the policy of the manufacturers. Whether the inspector is there or not the article is just as good.

Mr. Ginwala.—You may perhaps put it this way—the rules of inspection are more elaborate than they should be in your opinion.

Mr. Roddick.—Absolutely. More goods are bought on reputation than on inspection.

Mr. Ginwala.—Do the railways have a large stock of stores?

Mr. Roddick.—Yes.

Mr. Ginwala.—If they do not keep a large stock of stores?

Mr. Roddick.—Then we will have to keep a large stock for them.

Mr. Ginwala.—But it would not necessarily be cheaper if you keep a stock and the railways do not.

Mr. Roddick.—We turn these stores over every two or three months but the railways are keeping them for years. In two years we have a thousand customers. You only lock up money by keeping stores for a long time.

Mr. Ginwala.—What will your turnover average?

Mr. Roddick.—Our turnover will average four or five months but there are items in the railway stores which have been 20 years in their stores.

Mr. Ginwala.—When you refer to cost of production you maintain that, in view of competition in India and abroad, you cannot comply with the request for the supply of full information but you offer to give all the figures the Board may reuire *in camera*. It is a very difficult question as you know. In your cost of production you deal with dumping, but it is very difficult to establish that there is dumping if you require the figures to be kept confidential. It is far more difficult to convince the country that there is dumping.

Mr. Roddick.—Undoubtedly.

Mr. Ginwala.—Therefore it is to your advantage to let the country know what is happening. I am putting it from your point of view. If your case is that a certain article, such as a wagon, requires protection mainly on the ground of dumping, you must satisfy the people who have got to find the money and the legislature which has to consider the whole thing. How do you think the legislature can understand it unless you make these figures public? The Tariff Board is not the authority which finds the money.

Mr. Roddick.—Is it conceivable that in any big country in the world whether in America or anywhere else, you expect that manufacturers can and will lay all their cards on the table before the Tariff Board?

Mr. Ginwala.—The Tariff Commission's work there is much simpler than our's. They have got a number of firms engaged in the same business and they strike an average cost of production. What are we to do here. Take the case of the wagon industry: here there are only three firms doing business.

Mr. S. A. Skinner.—Are you speaking specially of wagons?

Mr. Ginwala.—No. Take bridgework for instance. There are a number of firms doing bridgework. We can say this is the position, but need not mention the names of all the firms.

Mr. Roddick.—It is not in the interest of anybody, least of all in the case of industrial concerns, to allow their place to be shut up.

Mr. Ginwala.—My point is that supposing you are even able to satisfy us on the question of dumping, we have got to put the case in such a way that the people who have got to find the money are satisfied.

Mr. Skinner.—If as a result of this enquiry you find that the cost of a wagon is so much, you can give them details of cost and say where it emanated from.

President.—There are only two possible sources. After all the figures of Messrs. Burn and Company and those of the Standard Wagon Company are identical.

Mr. H. E. Skinner.—What about the cable price from London?

Mr. S. A. Skinner.—You can get over the difficulty by having a report from such an officer as the Controller of Inspection who can say that he made enquiries and believed them to be as follows.

President.—At any rate as regards cost of materials in the wagon, I do not think there is anything particularly confidential in it, as regards the price I quoted to you by your London office. There at any rate we make some progress. As regards your labour charges and so on I have not fully examined all your statements. My question was intended to ascertain what is covered by the various heads and we are not in a position to say that we got both what your overhead charges were. If you give your figures publicly we shall have done a great part of our work.

Mr. S. A. Skinner.—There is no objection to putting this before the Railway Board.

Mr. Ginwala.—This has nothing to do with the Railway Board. If the question came before the Assembly, as a member of the Assembly I can tell you that I should find myself in great difficulty, even if I was myself satisfied, to establish the case of dumping without putting all the cards on the table. It would involve a very large amount of money which has to be found somehow, and in order to get that money the whole case has to be put before the people who are to find the money.

Mr. S. A. Skinner.—The figures we furnish are always unintelligible as far as the public are concerned. You can easily get a Government auditor down to go through these material figures.

Mr. Ginwala.—That will only give us the total cost of production.

Mr. S. A. Skinner.—Figures for materials and labour only go a long way as you suggest to establish dumping and we have no objection to having that published.

Mr. Ginwala.—You have got two sets of figures one for cost of materials which must be the same to you as to the British manufacturer and the other the cost of local material and labour. If their raw materials alone cost them £170 and they sell wagons here at £180 you may well agree they were selling below their cost of production.

Mr. H. E. Skinner.—Some firms put these as overhead charges.

Mr. Ginwala.—I suggest to you whether you would not agree to this being done.

Mr. S. A. Skinner.—We shall consider it before the next meeting. It is to be observed that although these were our actual tendered figures, we signified our willingness to doing the thing without any profits. If we put up the figures without any profits that strengthens our case.

Mr. Ginwala.—Is it your case that even so you cannot compete against the British manufacturer?

Mr. S. A. Skinner.—The materials and labour show that we could not compete. That instance was the worst on record in the history of wagon building. We have given a later one where the difference is much less.

President.—I don't see how you can do that because it is on this tender of October 1922 that the whole of your evidence is based. Moreover you want 50 per cent. protection in wagons, so it is better that this particular instance should be made public.

Mr. Roddick.—The question of 50 per cent. has been broadcasted everywhere.

Mr. Ginwala.—Your later figures are slightly lower.

Mr. Roddick.—Yes.

Mr. Ginwala.—That is chiefly because there is a drop in the cost of raw materials. You can just think over and see how you can help us in this matter.

Mr. Skinner.—We talked about it all this morning but could come to no conclusion.

Mr. Ginwala.—Taking the general question of protection of steel how will it affect you if steel as a whole is protected? Do you consider that the steel industry in this country is of sufficient importance to be protected at any cost from the national point of view?

Mr. Roddick.—Certainly, we consider that it should be supported at any cost, that appears at all likely to be the true cost.

Mr. Ginwala.—Suppose we find that in order to enable the local steel industry to compete it must receive a certain amount of protection would you agree to such a protection purely on national grounds?

Mr. S. A. Skinner.—Certainly. Under the present abnormal conditions they should certainly be helped.

Mr. Ginwala.—I should like you to give some concrete figures the next time we meet. What I want you to do is this. You have told us in these confidential reports that you build a considerable number of wagons. You should work out the cost of a typical wagon corresponding to the type of wagon you have taken here and the pre-war price at which it was sold and show how it compares with the British wagon on the same date.

Mr. S. A. Skinner.—We do not know the British price. You may get it from the Railway Board. We shall of course give you our price.*

Mr. Ginwala.—As regards other manufactures I should like you to take a typical article, say a bridge and compare your price with the British price.

Mr. Roddick.—We have already given you details on page 6 of our letter.

Mr. Ginwala.—That simply gives the lump price. You have got to amplify it.

Mr. Roddick.—We have given you cost of material, labour charges, etc.

Mr. Ginwala.—Are you dealing with one particular bridge.

Mr. Roddick.—We have dealt with one definite bridge, the Sone bridge.

Mr. Ginwala.—You have given us the cost per cwt.

Mr. Roddick.—That is how we quote for that class of work. We average them all and quote so much a cwt.

President.—Is it the total cost of the bridge that you want to get at?

Mr. Ginwala.—Here we have taken the wagon and you say there is so much difference between your price and the British price. You may do the same as regards a bridge. That will give us an idea of what it is.

Mr. Roddick.—In this particular instance it was a big bridge numbering 93 spans. We could not give delivery at the time and we did not quote for the complete bridge. We understood that the tender that secured the order was calculated at Rs. 284 a ton, and our tender worked out at Rs. 390 a ton.

Mr. Mather.—What is the date of it?

Mr. Roddick.—12th September last year.

Mr. Ginwala.—It is very hard to understand how this difference arose.

Mr. Roddick.—We merely state the fact. That is the price we quoted.

Mr. Ginwala.—Is this an all-round figure that you have taken?

Mr. Roddick.—Average figure.

Mr. Ginwala.—Supposing you were buying bridge materials in England, will they quote for different materials?

Mr. Roddick.—Yes.

Mr. Ginwala.—In England as you say they will not quote you an all-round price, they will quote according to sections. If you give us the actual price from which you work out your all-round price we shall be glad to have it.

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* *Vide* Statement No. III (A).

Mr. Roddick.—You want me to substantiate that figure Rs. 9-12 a cwt. I shall do it.*

Mr. Kale.—What do you mean by trade expense?

Mr. Roddick.—Overhead charges.

President.—Can you give us a list of what exactly it covers?

Mr. Roddick.—Establishment, repairs to buildings, tools, designs, depreciation, power and light, maintenance, storage charges, rent and taxes, catalogue and advertising, travelling expense, correspondence.

Mr. Kale.—You have shown trade expenses twice.

Mr. S. A. Skinner.—We place a lump sum of one lakh. We divide that somehow or other allocating some for labour and some for material. We have to show that as percentages on labour and material, say 25 per cent. on material and 75 per cent. on labour or *vice versâ*. We could if we liked show all on labour or on material but this is a matter of opinion as to how it is done. We show a part on material and part on labour.

Mr. Ginwala.—You can show where the disadvantage comes in. You can take a typical bridge and say that it cost you so much per ton. Then you can take the detailed prices of the British manufacturer and compare as you do in the case of the wagon. You have given us a figure for materials. But I want you to give it in the case of each material.

Mr. Roddick.—Suppose we buy channels from Home we only get the rate per cwt.

Mr. Ginwala.—You keep your works cost in the case of any bridge, for example that you have actually constructed. Have you any objection to giving us your works cost?†

Mr. Roddick.—None, whatever.

Mr. Ginwala.—That will enable us to see how commercially it works. They might easily say that your method is not as correct as theirs and therefore your cost of production is high. Would you give us that? Then you will add your other charges depreciation.

Mr. S. A. Skinner.—It all comes under trade expenses.

Mr. Ginwala.—The particular articles in which you are interested leaving aside the smaller articles are wagon, bridge work and other structural work. These are the main things.

Mr. S. A. Skinner.—Mechanical engineering of course is a very important work. We have not gone so fully into that in our letter. It is an old work of ours.

Mr. Ginwala.—Judging by the steel used the mechanical work is the smallest.

Mr. S. A. Skinner.—In that statement we have dealt with steel only and so we have not touched on this branch of our work.

Mr. Ginwala.—It is bigger perhaps judging from the turn-over. You are not asking for any special protection at all in respect of this?

Mr. Roddick.—Fishbolts, nuts and other things are made in the mechanical shop. We have asked for 33⅓ per cent. protection on that. We have suggested that you should curtail Government workshops.

Mr. Ginwala.—The main items of your mechanical workshop are dog-spikes, fishbolts, etc. You suggest that you must get whatever protection steel gets in so far as you use that as your raw material. In addition to that you say that you are at a certain disadvantage in comparison with the British manufacturer and you go on to suggest this additional tariff. You put it mainly to revenue but there is more in it.

Mr. S. A. Skinner.—Partly revenue and partly subsidy to Tata's.

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* *Vide* Statement III (B).
† *Vide* Statement No. III (C & D).

Mr. Ginwala.—At the same time it is protection to your works. Leaving aside for the moment the question of finding the money for the steel industry what do you suggest that your own manufactures require?

Mr. S. A. Skinner.—Anything up to 50 per cent. according to class of work.

Mr. Roddick.—You are going to collect this tariff on the total imports. The actual amount manufactured in the country is nothing like the total import, the balance goes to meet the subsidy.

Mr. Ginwala.—Apart from that I understand you to say that at any rate in these three or four articles you are at a disadvantage compared with the British manufacturer and that you cannot face world competition under the present conditions. From that point of view what protection do you ask?

Mr. Roddick.—We have alluded to it in our letter.

Mr. Ginwala.—You have got to show that this is the protection that you need.

Mr. Roddick.—We have given that in the wagon tender.

Mr. Ginwala.—But what about the bridge?

Mr. Roddick.—We have given you an example.

Mr. Ginwala.—Other structural work. It is very difficult to know how much steel there is in that.

Mr. Roddick.—We shall give you two more examples of other structural work.

Mr. Ginwala.—I will just show you what the difficulty is in this. The figures given in the Customs return are for beams, pillars, girders and bridge-work. They vary of course. It includes iron and steel. The imports—

for 1920-21 were 78,000 tons,
for 1921-22 were 58,000 tons,
for 1922-23 were 66,000 tons.

These figures exclude the railway demand. Unless we have got the exact figures for the kind of article for which you want protection it is very difficult for us to ascertain what it is going to cost the country as a whole. It is no good protecting articles which are not manufactured in this country.

Mr. Roddick.—That means that your customs returns will have to be revised.

Mr. Ginwala.—Can you give us any idea what amount of structural steel is actually imported and used in this country?

Mr. Roddick.—I tried to find it but could not get it.

Mr. S. A. Skinner.—Is it manufactured or raw?

Mr. Mather.—Some of it may be manufactured and some fabricated.

Mr. S. A. Skinner.—We cannot do it. Perhaps the Customs people can.

Mr. Ginwala.—The point is this: the country must manufacture a reasonable proportion of the requirements of the country before you tax the whole of the import.

President.—What Mr. Ginwala says in this. Suppose the consumption of the country is 100,000 and the production is 1,000. It is not reasonable to tax the extra 99,000 to benefit the 1,000.

Mr. Roddick.—Why not follow the conditions laid down by the Fiscal Commission?

Mr. Ginwala.—We cannot tax the extra 99,000 for the sake of the 1,000.

Mr. Roddick.—We do not know how long this protection will last.

Mr. Ginwala.—If you cannot give us the exact figures, of course, we have asked the Engineering Association for them and they will be able to give us. We know Tata's production and we know what the country's requirements are more or less. Then you can give us your figures of fabricated steel.

If you are satisfied that even 20 per cent. of this can be manufactured in this country it may be considered a fair proportion.

Mr. S. A. Skinner.—Burn & Co. has given 20,000; ours is 24,000.

Mr. Ginwala.—That is not all structural.

Mr. Roddick.—Wagon is structural work.

Mr. Ginwala.—But wagons come under some other category. 19,000 tons are your requirements for structural work. Does it also include mechanical works, which use steel?

Mr. Roddick.—Bridgework and ordinary structural work amounts to 16,000.

Mr. Ginwala.—Besides Burn & Co. and Jessop & Co. who are the principal manufacturers in Calcutta?

Mr. S. A. Skinner.—The Hugly Docking and Engineering Company.

Mr. J. C. Banerji.
Messrs. John King & Co.
The Vulcan Iron Works.
The Bengal Bridge and Bolt Company.

Then there is Messrs. Richardson and Cruddas and Messrs. Alcock Ashdown & Co. of Bombay, Cosser & Co. and Herman Mohatta & Co. and many others.

Mr. Ginwala.—That will give us an indication roughly of the proportion of structural work in this country.

Mr. Roddick.—We will give you that. These are all members of the Engineering Association.

Mr. Ginwala.—There is a good deal said about a ring among the wagon manufacturers. Can you refer us to any official publication where we can find who those people are, what their capital is and what they manufacture?

Mr. S. A. Skinner.—Information can be obtained from the public sources, such as the Registrar of Joint Stock Companies as to the nature of these companies. But there is no means of ascertaining what mutual understanding they have between themselves.

Mr. Ginwala.—How does that combination work?

Mr. Roddick.—There are apparently some big Trusts.

Mr. S. A. Skinner.—They perhaps control a number of sources for the supply of materials such as wheels and axles, vacuum brakes, springs. They may have bought up a big interest in undertakings by which they can occasionally exercise a determining factor on the price of their raw materials. That is one thing by which they may be able to take strong action. We are not familiar with the inner working of the large combines called "Trusts."

Mr. Roddick.—They exercise a controlling interest in all probability. We don't know exactly what control they have but we can only surmise that they go to the extent of cornering sometimes.

Mr. Mather.—It is rather an important point. You do not suggest that they have obtained a controlling interest in the spring industry or any other industry as a whole. If they had been able to control the spring industry as a whole then they would be able to put up prices artificially against you as well as reduce them for themselves. If on the other hand they just bought up one of the spring works they might perhaps be able to push their own prices down and still you would be able to buy springs at a commercial price.

Mr. S. A. Skinner.—I heard it said that you read from the papers that the price of rail was so much a ton at Home and the price of export was so much a ton and the price for the Argentine Government is so much less per ton. They do not bind themselves to any figures, but exercise a general control over prices.

Mr. Ginwala.—You stated a little while ago that before the war for nearly 100 years you are able to compete against the British manufacturer more or less. To what changed circumstances do you assign your inability to do so now?

Mr. S. A. Skinner.—Dumping, want of orders from Government, high labour charges due to intermittent work. We have had to re-educate the labour and whereas we could build a wagon in 10 days before, we cannot build it in a month now.

Mr. Ginwala.—Does it apply to structural work?

Mr. S. A. Skinner.—Our own cost has gone up to a certain extent, but not we think, relatively to that of British manufacturers.

Mr. Ginwala.—What are the main factors which have intervened?

Mr. S. A. Skinner.—Certain things we can well account for. We have increased our cost of production, due to increased cost of labour and of supervision and increased cost of material and everything else. So it is at Home, and yet the price has gone down there. We tender on the same basis as before the war. Before the war we had business, but now we are told there is no business. We do not know the cost of the other people but our cost of materials has gone up, labour has gone up. Therefore we cannot understand why we are in an adverse position as regards Government orders.

Mr. Ginwala.—The point is that even apart from Government you will have to compete against the British manufacturers and you say you are now at a disadvantage. I am trying to understand what it is that has intervened to put you at a disadvantage as compared with your former position.

Mr. Skinner.—We have retained a large proportion of our normal customers but we have not been able to retain our Government customers.

Mr. Ginwala.—Because they find they can buy materials cheaper. But what accounts for that?

Mr. S. A. Skinner.—I do not know. We say it is due to dumping.

Mr. Ginwala.—Then it is not due to normal economic causes.

Mr. S. A. Skinner.—Certainly not. Exceptional circumstances have arisen as a result of the war and there is the terrible position of the British workman and trade generally.

Mr. Ginwala.—Against this disadvantage you claim certain advantages in connection with your manufacture: for instance you consider that your labour is available in such quantities as you require, and can be trained.

Mr. H. E. Skinner.—As far as labour is concerned we shall be able to compete with England.

Mr. Ginwala.—You also say that if Tata's manufacture all the kinds of steel that they intend to manufacture you can get most of your raw materials locally.

Mr. Roddick.—Naturally. They made a statement that they would supply all sections for bridges and other structural works by July 1924.

Mr. Ginwala.—The other materials that you will have to import will be wheels and axles and accessories which are not manufactured in this country at present. So that you will get the bulk of the raw materials in the country and you have the advantage over the British manufacturer in the matter of freight and other charges.

Mr. Roddick.—That is where the rupee tender comes in. The British manufacturer quotes in sterling for a wagon not assembled ready for the line. That is one disadvantage.

Mr. H. E. Skinner.—The same thing applies to structural work. You have got the question of finance. We shall have to wait for a period of six to eight months to get back our money.

Mr. Ginwala.—While he is manufacturing the article he is not paid.

Mr. Roddick.—We have got to pay for the material when it leaves the port. He gets it within a week and we may take two months to get it.

Mr. H. E. Skinner.—All these days our money is locked up.

Mr. Ginwala.—Are you able to buy your material as expeditiously?

Mr. Roddick.—Not quite. Manufacturers at Home have got f.o.b. prices. Very often they are paid in advance and if things after they arrive here are found to be unsatisfactory, the agreement occurs after payment has been received. In our case it is different.

Mr. Ginwala.—Did you give evidence before the Stores Committee?

Mr. Roddick.—I was away at Home at that time. But we are fairly satisfied in a general way with the findings of the majority of the Stores Committee, except on the one question—the rupee tender.

Mr. S. A. Skinner.—Our views were pretty well ventilated through our representative.

Mr. Ginwala.—What is the proportion of European and Indian labour in your works and the total proportion of wages paid?

Mr. S. A. Skinner.—We do not classify our labour that way. We pay them on a piece work system through agents. All structural work is done under the piece system.

Mr. Ginwala.—As regards wagon work?

Mr. H. E. Skinner.—They are paid per wagon. There are many different rates. There are certain rates for forgings, for rivetting, and for assembling. They are paid through contractors.

Mr. Ginwala.—I take it that most of your contractors are Indians.

Mr. S. A. Skinner.—They are all Indians.

Mr. Ginwala.—So far as your European staff is concerned it is, I take it, for supervision.

Mr. S. A. Skinner.—For education and supervision work.

Mr. Ginwala.—What is the percentage of the cost of supervision?

Mr. S. A. Skinner.—Supervision goes to 50 per cent. of the labour. We do not differentiate between an Indian or European in the supervision work.

Mr. Ginwala.—Much of that would go to the Indian supervision.

Mr. S. A. Skinner.—Yes.

Mr. Ginwala.—This is the only instance in which the whole business is carried on on a piece system.

Mr. Roddick.—All firms do it.

Mr. Ginwala.—Almost in every case witnesses were able to give us their wages bill.

Mr. Roddick.—We know what we pay. We shall obtain figures from our contractors and give you the total figure. We shall give you under the following heads Contractors and Labour, supervision by Indians and supervision by Europeans.*

Mr. Ginwala.—I take it that there is no restriction in your firm on the employment of Indians. If an Indian is found as good as a European you employ him.

Mr. Roddick.—Yes.

Mr. Ginwala.—Do you differentiate in the salary paid to them.

Mr. Roddick.—No.

Mr. H. E. Skinner.—We have got 40 European and Indian Apprentices under training.

Mr. Ginwala.—Do you pay them?

Mr. H. E. Skinner.—We pay them some pocket money. They attend the Calcutta Technical Institute in the evening. If they get a good report from their Principals we pay their fees.

Mr. Ginwala.—What is their usual period of apprenticeship?

Mr. H. E. Skinner.—Six years. At the end of the four years they may proceed to Sibpur College and finish their last two years' course.

Mr. Ginwala.—After that do you employ them?

Mr. H. E. Skinner.—As they are used to our method of working we prefer to employ them, but we encourage them to seek outside experience, and they are frequently employed by the Shipping Companies and others after completing their apprenticeship.

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* *Vide* Statement No. III (E).

Oral evidence of Messrs. H. E. SKINNER, S. A. SKINNER and C. I. RODDICK of Messrs. Jessop & Co., recorded at Calcutta on the 5th October 1923.

President.—When we broke up last time Professor Kale had not asked his questions and I suggested to him to-day that he might take up now so that he might put all his questions at one time. So far as I am personally concerned I had finished all I had to ask on your first letter but we have only dealt to some extent with your second letter of the 24th September which was mainly concerned with railway wagons and bridges. Then there is also your subsequent letter * of 4th October. You have marked both of these letters confidential. When we last met the Board asked you to reconsider the question how far you were prepared to go in making public the statements you had put in. I may mention perhaps that the Tata Iron and Steel Company have now agreed to the publication of the whole of the evidence given by them. In the case of Messrs. Burn & Co. when they came to us last as regards wagon building they agreed to the publication of their statements except the statement which gave details of their overhead charges, *i.e.*, they put in the whole of the schedule of cost of materials and also a brief general statement which analyses the cost of the wagon under materials, labour, charges and profit. I should like to know now what your attitude is in regard to this matter. I shall show you exactly what they have put in,—a schedule of the cost of materials in a wagon and another statement, a brief one, which analyses the cost of the wagon.

Mr. Skinner.—Have they agreed to the publication of the details under overhead charges?

President.—They have given us details but they have asked that they should be kept confidential. The question is how far that would cover your last two letters, dated 24th September and 4th October.

Mr. Skinner.—Have Messrs. Burn & Co. given full details about their output—the output of steel in all departments?

President.—They have given the actual outturn of their wagon department for five years from 1918-19 to 1922-23. They have also given similar figures in the case of the Engine shop department and structural shops. This is in their letter dated 11th September.

Mr. Skinner.—Have they given the output of each department for publication?

President.—I am not sure whether it is the total output or the steel used in that department; for instance they have given 3,301 tons for 1918-19, 5,705 for 1919-20, 6,746 for 1920-21, 6,714 for 1921-22 and 6,543 for 1922-23.

Mr. Roddick.—Are these for publication in newspapers?

President.—We asked questions on these and the press reporters were present.

Mr. Roddick.—But newspaper reports at present carry very little information, and the only accurate information will be in your report.

President.—Personally I regard the output figures as an important item. They will show what you have been able to do in the past and the extent to which you will be able to manufacture if you work up to full capacity.

Mr. Ginwala.—And also to show to what extent you are able to meet the demand of the country.

Mr. Skinner.—We have no objection to our letter of the 24th September being published.

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* Statement No. III.

President.—Let us take the letter of 4th October.

Mr. Skinner.—Have Burn & Co. allowed these figures to be published?

President.—They have given a comparison of the pre-war price of a wagon and the present price, and have also given us the cost of materials in detail.

Mr. Mather.—Regarding pre-war and to-day's prices this statement which came in with their letter of the 25th September relates to Burn & Co. and not the Standard Wagon Co.

President.—It is not only about wagons, but they made a comparison of the prices of various materials—pre-war and present.

Mr. Roddick.—But these give you nothing, they contain no details.

President.—We know the cost of the materials from the other statement: the remainder must be overhead charges, labour and profit. My point is rather this: they have given us the pre-war and present prices for building a wagon. They have also given cost of materials separately.

Mr. Mather.—They have also given us their cost divided into materials, labour, charges and profit for 1922.

Mr. Roddick.—Is that for publication?

Mr. Mather.—I think so.

President.—That is on the full outturn of the works—2,000 wagons.

Mr. Skinner.—There is no objection to publishing all our statements except the statement* on page 9—summary.

President.—You do not wish to put it in publicly. Several other firms, for instance, Burn & Co. have given us figures of that kind—cost of supervision, labour, etc.

Mr. Skinner.—The greater proportion of our supervision charges belongs to the import trade and not to the manufacturing side. They include charges on merchant business and, if published as they are, would give the impression that the supervision charges were abnormally high. These figures are in themselves not of much use to anybody.

Mr. Ginwala.—You may put it in with a note at the bottom saying the figures also include merchant business.

Mr. Kale.—Do you think that these figures will be misleading?

Mr. Skinner.—They include merchant business as well, and for the purpose of comparison we should take only figures of manufacture and these will come down considerably as about ⅔ of the charges represent merchant business.

President.—Merchant business does not come within our enquiry, and it would be better if you could separate the merchant from the manufacturing side.

Mr. Skinner.—It can be given in another form for the manufacturing side only.

Mr. Ginwala.—I would like to know what chances the Indian labour have in the event of industrial development.

Mr. Roddick.—Our revised statement will give you more favourable results, as the European and Anglo-Indian supervision charges which belong to the import trade swell the figures in this statement.

President.—Turning to your letter of the 24th September there is just one passage which I do not quite follow on page 3. Referring to you the tenders of July 1923 you say:

> "The difference of price in this instance is insignificant. This can be accounted for by the fact that the enquiry was small and the English makers could guess that we were only asking for prices to make a comparison; while in case A the enquiry was for over 3,000 wagons from the Railway Board, a matter for serious consideration."

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* Statement No. III (E).

I do not quite follow. The difference of price I understood to be the difference between your tender on this occasion and what you believe to be the British tender.

Mr. Roddick.—With an enquiry from such a body as the Railway Board for 3,000 wagons it makes the builders at Home take a serious interest but when a firm in India asks for prices in the case of a small order, they conclude that we are only asking for purposes of comparison. In this case the difference generally is small.

Mr. Mather.—Rs. 4,873 was the figure you calculated from your London advices at the time? You did not receive any information from the Railway Board?

Mr. Roddick.—No. They are all private.

President.—That is the best information your London office could secure as to what the British manufacturer is likely to have charged.

Mr. Skinner.—Having got a very big order they employ a nucleus staff on their plant. They do not want to take any more at these prices. We are only theorising what is in the British manufacturers' mind.

President.—Going back to page 1, in the first place, you have given us as the first item: cost of material on 14th October 1922 for an A.-1 wagon as per list A. In list A you have given materials for A.-1 type wagon. The details are not in the same form as that of Messrs. Burn & Co., but your grand total is very close to theirs. We have had a good deal of evidence from the Tata Company that the British manufacturers have been dumping steel in this country at a price with which they could not compete. Neither in your statement nor in Messrs. Burn & Co.'s statement can I trace any evidence of this dumping and, if dumping is, in fact, really going on in respect of beams, channels and angles which Tatas manufacture, it seems rather bad luck that the engineering firms do not get the benefit of it. The doubt in my mind is whether it would not have been possible to secure these materials at a lower price.

Mr. Skinner.—Our London office call for tenders on a large scale. They are not tied down to any one firm of steel makers but they buy in the cheapest market at the time. The enquiry is broadcast. On our last contract they did buy at a cheaper price and Government got the benefit. The prices were in a fluctuating state at that time and we agreed to give the Government the benefit.

President.—Is it not possible that, if you had got the contract, you could have got the materials at an appreciably lower figures than those in the statement?

Mr. Skinner.—Occasionally we had reductions, and in the case of the previous order for wagons there was a reduction, but we cannot count on that.

Mr. Roddick.—We base our tenders on actual prices: we cannot gamble.

President.—But that is exactly what your competitors do. They take the risk of being able to purchase their raw materials below any price at which others may be able to get.

Mr. Skinner.—This gambling can turn downwards sometimes, but the British manufacturers take the risk for they may possibly also control steel works.

President.—I would like to put it to you this way. When competition is very keen and firms all over the world are striving after the same orders, unless firms are prepared to take some risk in these things, they cannot get orders.

Mr. Skinner.—We also said that we were prepared to supply at cost price just to keep our works going: we lowered our price by 10 per cent.

President.—I am not on the point whether Government ought to have placed orders with you. My point is rather this. What would it have actually cost an Indian firm to manufacture a wagon, if they had received the

order in 1922? I wanted to find out whether the materials required could not have actually been purchased at prices appreciably below the prices given in the statement?

Mr. Skinner.—There might be slight reductions here and there: they may not be very big after all. In this particular case we should probably have had to pay more for the materials: there was the rise of the market to be considered. There was the Ruhr trouble which very largely put up the price of coal and steel. There is always the risk of paying a higher price.

President.—The impression in my mind when I went through the statement of yours and that of Messrs. Burn & Co. was that these prices were on the higher side compared with the ordinary quotations in the trade papers.

Mr. Skinner.—The difference can be easily explained—we can probably reconcile the difference between the published figures and our figures.

President.—I want to hear what you can tell me about it because the impression is in my mind.

Mr. Skinner.—As regards merchants' business we cannot materially differ. We put in the actual price quoted in London.

President.—On what basis, or on what number of wagons, did you get these quotations?

Mr. Skinner.—On the whole lot.

President.—Did you tender for the whole lot?

Mr. Skinner.—Yes.

President.—Were these prices quoted on the basis of an order for 3,000 wagons, that is to say would not the size of the order you were able to give him make a difference to the manufacturer in England?

Mr. H. E. Skinner.—3,000 wagons included 8 varieties of wagons, *e.g.*, so many of A.-I Type, 250 A.-III, so many metre-gauge all included in the 3,000; not 3,000 of one type, and the sections are therefore very different.

Mr. Mather.—Even so, for the total of 3,000 wagons there will be one or two sections which will probably be required to the extent of 2 or 3 thousand tons for the 3,000 wagons, and I think what the President wants to know is whether your London office asked for prices on the basis of an order of 2,000 tons of a particular size of sections or merely went to the market and asked them for quotations?

Mr. Skinner.—We indicated the quantities to our London office and no doubt they tried to get the lowest price out of the makers. In my opinion no doubt they went on the 3,000 basis.

President.—When your prices are compared with the price quoted in September 1922 in the "Iron and Coal Trades Review," and allowance is made for freight and duty, there are instances, where the trade paper quotations *plus* the duty and freight work out lower than your prices.

Mr. Roddick.—That is ordinary trade material, this is cut to dead length.

President.—I understand that in the case of wagons, certain sections have to be just a little different from the sort of standard things that are always stocked.

Mr. Skinner.—I may observe that the "Iron and Coal Trades Review" prices are not the prices which are quoted to buyers.

President.—Tata's told us that for large quantities you could usually buy below the trade paper quotations.*

Mr. Mather.—May I introduce one or two figures? I will take pig iron. The average market quotation for No. III Cleveland Pig in Middlesborough in 1922 was 90*s.* 6½*d.* a ton and the average selling price was 88*s.* 2*d.* a ton, that is on the average 2*s.* 4*d.* below the market quotation. I also refer to another case which is reported in one of the August issues of this year's "Iron and Coal Trades Review" in which Australia had placed an order for steel rails at a price of about £7-10 a ton f.o.b. Middlesborough and the market quotation was £9.

Mr. S. A. Skinner.—On the 1st of January the price may be £10 a ton, on the 1st of February £12 a ton, so that average price will appear to be £11 a ton. On the other hand business may only have been done at £10 per ton, which would thus be the actual average price.

Mr. Mather.—As far as the pig iron figures are concerned the fluctuations during 1922 are very small. Both in the ascertained price and in the market quotations there was a consistent difference, for a quarter, of 2*s*. and 2*s*. 6*d*. between the ascertained price and the quoted price? I think by a careful study of the reports, one could quote a large number of cases, at a time when the steel manufacturers were not fully occupied, in which considerable number of orders have been placed distinctly below the market quotation Turning to the figures for materials which you have here your List A gives figures cabled by your London office on the 6th October 1922. Now, the market price quoted in the "Iron and Coal Trades Review" of the 6th October 1922—exactly the same date—for plates, shipplates, etc., is £8-7-6 to £8-10 a ton. Taking it at £8-10 per ton, adding Rs. 27-6 for freight. Rs. 5-8 for landing charges and 10 per cent. duty, you get an average price per cwt. of Rs. 8-9. You have got your average price for plates and sheets at Rs. 12 a cwt. Now, plates are Rs. 8-9 a cwt. The English market quotations for black sheets on the same date was £11-15 and with the same additions, sheets came to Rs. 10-12 a cwt. That is on the basis of the "Iron and Coal Trades Review." I have here some more figures again for the same date from the "Calcutta Prices Current and Money Market Report," a publication issued weekly by the Bengal Chamber of Commerce. This gives the price of mild steel sheets British standard at Rs. 10 per cwt.. plates British standard Rs. 11 a cwt., so it is very difficult to say, if the Calcutta market price at that time was Rs. 10 and Rs. 11 per cwt., how your average price of plates and sheets should be Rs. 12 a cwt.

Mr. Skinner.—This must include the cost of getting the plates into special shape and size, also hydraulically straightening and packing into crates.

President.—I thought it right to put it to you because the impression in my mind is that, when it came to the point, the materials could have been secured below your prices.

Mr. Roddick.—The details of these figures were exactly like that given to the Railway Board. No point was raised then about this.

President.—I am not suggesting for a moment that you have quoted figures that you did not believe you would have to pay. But when there is keen competition for an order, the firm which is likely to get the order must take a certain amount of risk as regards the cost of materials. After all, it was a buyers' market at the time rather than a sellers' market.

You say in your letter of the 24th September "We are also informed that the lowest tender for the imported wagon was based on rates for raw material that were not materially lower than our prices." Did you get the information from the Railway Board?

Mr. Roddick.—No, it was unofficial.

President.—You have got no official sanction behind it.

Mr. Roddick.—No.

President.—It seems to me at any rate probable that a firm like the Metropolitan Wagon Building Company were in a position to squeeze down prices a good deal for their raw materials.

Mr. Roddick.—They may have a much better lowerage than we have.

President.—Perhaps they adopted the course I suggested—that is, took the risk of getting their raw materials distinctly below any price that would be quoted for them. That seems a probable way.

Mr. Skinner.—That is in itself dumping surely; it comes to the same thing.

President.—What you suggest is that there is a sort of combination so that when there is a loss that may be divided between the various stages of manufacture?

Mr. Roddick.—They may have large interests in steel works: they appear to have charged against the wagon contracts 50 per cent. below the market price.

Mr. Mather.—Which are the steel works in which the Metropolitan Co are interested?

Mr. Roddick.—I don't know: I only know that there is a big combine.

Mr. Skinner.—They have numerous other interests.

President.—They may be interested as shareholders of companies which manufacture the raw materials they use. But the Directors of these companies have to consider the interests of their shareholders. The Metropolitan Company could not off-hand cut prices to any extent they wanted. But they could go to the Directors of the various companies and say "to get this order you will have to cut your prices by something like 25 per cent." and in the way they could get a reduction on springs, on axles, on wheels and so on.

Mr. Roddick.—These are very big figures that you are talking of when you are talking of 3,000 wagons. One cannot think of a business gamble on a thing of that kind. The British manufacturers possibly have a big enough capital to stand it for a time.

President.—They cannot stand it unless they can pass it on to somebody else.

Mr. Roddick.—Perhaps to get the order and kill manufacturers in India

President.—I am not suggesting that any one explanation will cover the whole ground and there is no doubt that it is an amazingly low tender. But it may be partly accounted for in this way, that they had succeeded in securing a substantially lower price for their raw materials than you or Burn & Co. were able to quote.

Mr. Roddick.—Amazingly low, that is on the verge of dumping!

Mr. Ginwala.—The point we are trying to investigate is briefly this. What is the measure of the difference between the lowest price at which you can sell, and the lowest price at which the British manufacturer can sell, at a profit. There is a considerable difference between the prices for the materials you have given and the trade paper quotations. Therefore we find it difficult to arrive at the cost at which you can afford to manufacture a wagon at a reasonable profit.

Mr. Roddick.—Who prepares the figures in the trade papers?

President.—The Tata Iron and Steel Co. informed us that the trade paper quotations were accurate enough for business to be done on the basis of them, *i.e.*, they are accepted as the basis for commercial transactions.

Mr. Ginwala.—What we would like you to give is an explanation of that.

Mr. Skinner.—We cannot get the actual transactions in this way. There is a difference.

President.—As I pointed out, when it is a buyers'. market the prices actually paid are probably lower than the trade paper prices which are usually sellers' prices.

Mr. Mather.—In the case of the pig iron I quoted to you, the selling price was nearly half a crown less than the market quotation. These prices were ascertained in the Cleveland district for fixing the scale of wages of the blast furnace men which depends on the actual selling price of No. 8 Cleveland pig iron and for that purpose independent auditors are appointed jointly by the Iron Masters' Association and the Cleveland Blast Furnace Men's Association who go through the books of the Company and examine the actual tonnages sold and the actual selling prices and every quarter they publish a statement showing the actual realisations and the blast furnace men's wages are based on that.

Mr. Roddick.—When you can make an arrangement like that with your workmen you are not taking the risk that we are taking.

Mr. Mather.—The market quotations are rather higher than the actual selling price.

Mr. Roddick.—That can be accounted for by the arrangement between the workmen and their employer.

Mr. Ginwala.—Isn't there an actual market quotation for similar articles imported just at that time? I mean these articles must be used for the manufacture of other things as well.

Mr. Mather.—The Calcutta quotation for British Standard mild sheets was Rs. 10 a cwt. I do not know how the Bengal Chamber of Commerce gets this information, but I think they get the figures from the members of their Chamber just as they quote them.

Mr. Roddick.—Supposing a merchant in Calcutta had a large stock of plates and he happens to sell it below the market price; is that figure taken in that?

Mr. Mather.—We do not know.

Mr. Ginwala.—We have asked the Import Trade Association to give us actual prices at which business was done and they have promised to give us that. In the same way it may be possible for you to give us the actual import prices.

Mr. Skinner.—I don't think you can compare these prices with the standard bazar plates for sale.

We have grouped panel plates which cost about 50 per cent. more than ordinary black sheets. There is quite a small proportion of the heavy plates and the main weight is in these planished sheets.

Mr. Ginwala.—What is the difference in rolled sections?

Mr. Skinner.—The difference is not important. On the basis of the trade quotations it is £9-9, including freight and landing charges.

President.—When you say "Cost of converting materials into a wagon" does that mean labour charges?

Mr. Roddick.—That is simply what we pay for labour, trade expense and so on: all standing charges.

President.—That covers for instance, I take it, supervision, depreciation, interest on working capital, power, miscellaneous office expenses and so on.

Mr. Skinner.—The item of interest you mention is between the time we pay for the goods and the time it comes out here. It is included in the cost of materials.

President.—If that is included in the cost of material it will make a considerable difference in the percentage, about 2 per cent.

Mr. Mather.—Possibly 3 per cent.

Mr. Skinner.—The difference is only 1 to 2 per cent. on material and that does not make much difference on the wagon. If it is 2 per cent. on the material it is 1⅓ per cent. on the finished product. Home manufacturers also, no doubt, have to pay something on this account.

President.—The next point I want to go on with is this. Your trade expenses in each case are given as a percentage either on labour or on materials. I can quite understand that for a number of purposes you find it works out on the average to a percentage of your labour and material charges, but it strikes me as a little surprising that it works out exactly to the same percentage as you had before the war. What I would like to put to you is, is it on the basis of these percentages that you arrived at your tendered figure?

Mr. Roddick.—Certainly.

President.—When it comes to keen competition for orders it seems to me doubtful whether the method you adopt in normal times is the method that is likely to secure orders.

Mr. Roddick.—There is this difference. We can only calculate 10 per cent. on the assumption of obtaining a full output. We do not take the same percentage on the whole of our business.

President.—Well, as I said, at the time of keen competition it seems to me a question whether it is safe to work on percentages or whether you should not cut your costs.

Mr. Roddick.—You cannot cut them indefinitely. By getting a large output you can reduce the percentage.

President.—Supposing the duty on all your raw materials were doubled so that it makes an addition of another 10 per cent. on the cost of your material, in making your tender would you put up your trade expenses too by that percentage?

Mr. Skinner.—No. We would add that percentage in the cost of materials.

President.—Then your trade expenses on the materials would also go up?

Mr. Skinner.—Yes, by about 10 per cent. That is to say from 10 per cent. on the original cost of materials to 11 per cent.

President.—The increase in the cost of materials would not actually increase your trade expenses to the same extent?

Mr. Skinner.—The whole thing depends on the output.

President.—That is precisely my point. Output makes a considerable difference. Take the tender of the 28th of July 1923. What number of wagons was that for?

Mr. Skinner.—100.

President.—Your percentage is exactly the same in that case?

Mr. Skinner.—We did exactly what you suggest. Our trade expenses are based on the outturn we could get. We have cut down to 100, but for the current year it will probably be 200. Of course we recognise that it is a bad year. But if we put on this 200 instead of 100, we would not get any orders at all.

President.—What is your full capacity for manufacturing wagons?

Mr. Skinner.—6,000 tons per annum.

President.—Is that the most you can do?

Mr. Skinner.—We have our works at Garden Reach and at Jamshedpur also. Our Jamshedpur works are well laid out and a lot of wagon work can be done up there.

President.—On what outturn are these percentages based?

Mr. Skinner.—I should say that they are based on 60 wagons a month.

President.—That comes to 720 a year.

Mr. Skinner.—We never had a chance of doing one type only. We have lately never had an order for 400 for one type at any one time. In 1909 we turned out 715 all of one type: that is in one calendar year. If the price of steel is doubled, the percentage of trade expenses would seem to be wrongly inflated, unless other charges such as salaries, etc., went up in like proportion, which they have done.

President.—Take again the profit. Why should that work out to 10 per cent. on other expenses?

Mr. Skinner.—We consider 10 per cent. as a fair profit.

President.—Again I put it to you that, if at times of strenuous competition you base your tenders on the percentage of profit that you expect to get in normal times, are you likely to get them?

Mr. Roddick.—Then, is it not dumping?

Mr. Skinner.—You would not believe us if we say that we did not allow any profit. So, we have put down 10 per cent. as profit, but not shewn any figure for contingencies.

President.—I can only take it in the form in which you put it before us, but I do suggest that when competition is very strenuous, the profits should be cut.

Mr. Skinner.—We did so for several years in the case of Garden Reach works and got no profits. We offered to cut out our profit entirely in the present case.

President.—But you do much the same thing. You take actual expenses plus 10 per cent.

Mr. Roddick.—That was one alternative. When the Railway Board would not look at that, we offered to supply at cost, simply to keep our works going.

Mr. Skinner.—In the case of a big order, we said, we cut our prices.

President.—What I really want to put to you is this. Your position is that you consider that you ought to receive assistance from the State. On that basis, it is for you to show clearly the extent of the assistance which you claim is really necessary. When working out these figures on percentages, they really do not explain themselves, but require explanation.

Mr. Skinner.—All figures require explanation.

President.—For instance take the question of profit. You have got in a case of this kind to show that the rate of profits has been calculated on the capital invested on that part of your business and not by some percentage on the total amount of output.

Mr. Skinner.—Unfortunately our competitors would never let us do that.

President.—The burden lies on you to show that it is a reasonable profit.

Mr. Skinner.—We consider that it is a reasonable profit for a work of that nature.

President.—You have got to convince the authorities who have power to take the action which you want them to take.

Mr. Skinner.—We are trying to satisfy them.

President.—Let me put it this way. There is no presumption that the proper rate of profit is now 10 per cent. It may vary.

Mr. Skinner.—According to different classes of work. With a big turnover, the margin of profit would be much less. You will also notice that there is nothing for contingencies in our estimate except that 10 per cent.

President.—I do not know the details of your overhead charges.

Mr. Skinner.—But we have thoroughly gone into all the details.

President.—Did you work on that basis for the Munition Department during the war?

Mr. Skinner.—Yes. You see that this 100 per cent. is on the actual labour. It includes items such as supervision, depreciation on tools, plants, etc.

President.—I am not in a position to form any opinion as to whether 100 per cent. is, or is not, the proper figure. There is no information before us on which we could say that. The only point I would put to you is that, in view of considerable change in the conditions after the war, if you still use the same percentage as you did before the war, it strikes me as a little unexpected.

Mr. Skinner.—The labour has gone up 50 to 70 per cent. in cost. Salaries and other charges have gone up also. The figure 713 represents the actual sum of money paid in wages. The cost of new plant has trebled.

President.—I should rather have expected variations of some kind or other.

Mr. Skinner.—We are not giving you actual figures but only estimated figures.

President.—Now turning to page 7, you say "With some of the railways who have 1*s.* 8*d.* per rupee contracts with Government." I don't quite follow that.

Mr. Roddick.—We have nothing official regarding this.

President.—Have you any definite information?

Mr. Roddick.—No definite official information.

President.—You suggest that Government bound themselves to make remittance on behalf of certain railway companies at that rate?

Mr. Roddick.—That has been suggested to us as one of the solutions of the trouble. You may be able to find out definitely from the Railway Board.

Mr. Skinner.—When Mr. Chatterji, the Hon'ble Member for Industries, was down here, I asked him if there was any likelihood of this being the case. He did not think that it could possibly be so, but he said he would enquire.

President.—I don't wish to spend time over it. All I want to find out is whether you have any definite information about it.

Mr. Skinner.—No.

Mr. Ginwala.—There is a considerable amount of difference between your method of presenting the cost of production, as well as the total amount, and others. What I would like you to do is to give the details of your overhead charges in this form (here the member handed a form to the witness) if it is possible or in any other way which is convenient to you?

Mr. Skinner.—You want the details of our overhead charges.

Mr. Ginwala.—Yes.

Mr. Skinner.—Perhaps we can give you this information confidentially.

Mr. Ginwala.—What I am trying to do is to compare your cost with other people's cost.

Mr. Skinner.—Here, for instance, you have (item 2) stores, dies, tools and coal and you have also a separate item 'power.' We include coal as power.

Mr. Ginwala.—You can put it in that way, more or less in an identical form. Otherwise we may be comparing two different things.

Mr. Skinner.—On what basis do you want this?

Mr. Ginwala.—You can take 720 as your output.

Mr. Skinner.—Yes.

Mr. Ginwala.—Instead of coal you can say power.

Mr. Skinner.—We can divide the 100 per cent. among these items.

Mr. Ginwala.—If you give us the actual figures, we will treat them as confidential.

Mr. Skinner.—How much shall I put down for my brother's service, for instance, for bridge shops and how much for wagon shops?

President.—I don't understand you.

Mr. Skinner.—You want actual figures. My brother devotes a certain amount of his time for wagon work and a certain amount of his time for bridge work. We can only give the estimated cost of this and not the actual cost of this to each department.

President.—Surely that can be done on some proportion. In your case as you manufacture a lot of things, it cannot really be an actual figure.

Mr. Ginwala.—Choose from your own point of view. I only want to get identical figures.

Mr. Skinner.—Then there is another difficulty as regards rent. The place belongs to us. We have to put down such figure as we think that the place is worth.

Mr. Ginwala.—In that case you will take interest on your buildings.

President.—If you can separate the capital invested on your wagon works and other works, then the profit can be calculated on that.

Mr. Skinner.—We shall call that annual depreciation, rent, and so on. What I am suggesting is that a lot of this is going to be very largely an estimate.

Mr. Ginwala.—Don't you keep your works cost?

Mr. Skinner.—We do, but such things as office rent, etc., which are included, we treat on a percentage basis.

Mr. Ginwala.—The works cost is maintained everywhere.

Mr. Skinner.—We spend a very large sum on printing charges, advertising and things like that. We divide these charges among various departments.

Mr. Ginwala.—These are additional charges which ought to be added to the cost.

Mr. Skinner.—Our works cost does not include any of these items. The works cost includes only material and labour expended on individual orders.

President.—We would like you to work on the basis of 720 wagons a year. We want to know how much it would cost per wagon.

Mr. Skinner.—We have not had orders since 1909 to give this output, but we will give our estimated figures under these headings. If you are going to compare these with other people's costs, I want to know whether coal and coke should be included in power, because that is a point which will upset your calculations.

Mr. Ginwala.—As far as I can see coal and coke represent power.

Mr. Skinner.—There is also Smithy coal.

Mr. Ginwala.—If you have got any other method of working out the works cost, better adopt that and we will probably get the same result.

Mr. Skinner.—Very likely.

Mr. Ginwala.—I should like to ask you a few questions about the figures* you gave us yesterday. Are they tenders for wagons?

Mr. Skinner.—They are all accepted tenders.

Mr. Ginwala.—Up to 1913?

Mr. Skinner.—Yes.

Mr. Ginwala.—Were they all metre-gauge wagons?

Mr. Skinner.—Broad-gauge.

Mr. Ginwala.—Of what type?

Mr. Skinner.—Four wheeled, covered wagons of the pre-war type.

Mr. Ginwala.—Is that changed to the new type?

Mr. Skinner.—A3 does similar work.

Mr. Ginwala.—Is there a wagon in these corresponding to the A1 type?

Mr. Skinner.—Yes.

Mr. Ginwala.—Which is that?

Mr. Skinner.—The 1908 statement.

Mr. Ginwala.—You actually got the price mentioned therein.

Mr. Skinner.—Yes.

Mr. Ginwala.—Then with regard to 1913: what does that correspond to?

Mr. Skinner.—A3, a new design which does the same work.

Mr. Ginwala.—1922 is the A1 type?

Mr. Skinner.—Yes.

Mr. Ginwala.—What I want to know is this. Supposing you try and compare the cost of the old jute wagon of the pre-war type with the A1 type and it works out to be 10 per cent. more expensive, is there any possibility of spending so much more on materials?

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* *Vide* Statement No. III (A).

Mr. Roddick.—Here is the cost of A1 type wagon with material and labour at 1913 prices with a 10 per cent. duty on material. (The witness handed a copy to all the members.)*

Mr. Ginwala.—Where is the duty of 10 per cent.? Has it been added here?

Mr. Roddick.—Yes, see after "Bolts and Nuts."

Mr. Ginwala.—If we deduct this Rs. 167 from the total, it gives the cost, does it not?

Mr. Roddick.—Yes.

Mr. Ginwala.—Then roughly Rs. 3,000 would be the price.

Mr. Skinner.—Yes.

Mr. Ginwala.—Is that an accepted tender?

Mr. Skinner.—Only an estimate.

Mr. Ginwala.—May we take this Rs. 3,000 as the price?

Mr. Skinner.—This is as near as you can get it.

Mr. Roddick.—We have worked this cost on 1913 prices. We have not got actuals in the case of one or two items, for instance diagonals were not used before. We have made this as a sort of comparison with the Rs. 3,500 on which contracts were placed in 1922, showing that the British 1922 price of the complete wagon was only 17 per cent. above the pre-war price, yet for items such as wheels and axles which are not yet made in India the increase is still over 100 per cent. Wheels and axles in 1913 cost £20 per pair against £42 in 1922.

Mr. Ginwala.—You have given details† for one span of the bridge for which you quoted.

Mr. Roddick.—We have given them to you in the form in which they were presented in our first letter of 24th September and also by an alternative method. In each case arriving at the same figure Rs. 37,619 per span.

Mr. Ginwala.—You have taken an alternative method.

Mr. Roddick.—You wanted details as to how the price was arrived at. There are certain rates. Take the overall rates for instance which vary: Rs. 17 a cwt., Rs. 14 a cwt., and Rs. 18-8-0 a cwt. We have arrived at the same figure giving you details substantiating the cost of Rs. 9-12-0 a cwt. which we showed in our previous statement.

Mr. Ginwala.—You do not know at what rate the actual tender was accepted?

Mr. Roddick.—We quoted Rs. 390 per ton. The rate as far as we could ascertain at which the contract was placed was Rs. 284 per ton calculated at 1*s*. 4*d*. exchange.

Mr. Ginwala.—How do you explain this higher price?

Mr. Roddick.—What more explanation can we give. If the British manufacturer has got an arrangement with his labour by which it is paid *pro rata* on the contract price he quotes, he has a great advantage over us. In this case also we believe the supplier being a steel maker was able to control the price of steel to his constructional works.

Mr. Ginwala.—Is it possible that any Continental steel is used by the British manufacturer to lower his price?

Mr. Skinner.—We cannot find out. You may be able to find it out from the Railway Board.

Mr. Ginwala.—A considerable quantity of structural steel from the continent is perhaps imported into Great Britain, and we also got a considerable amount of Continental structural steel. Might it not be an explanation that they are using this Continental steel.

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* Satement No. IV.

† *Vide* Statement No. III (B).

Mr. Roddick.—Only when the Continental standard is up to the British standard. You would not be allowed to use that in this contract because the Railway Board has specifically said that the steel should be British standard or Tatas'.

Mr. Ginwala.—Are these prices given in this statement for raw-materials Tatas' or the Home prices?

Mr. Roddick.—The Tatas' and the Home prices are practically the same for estimating purposes. We have taken Tatas'.

Mr. Ginwala.—Let us take the metre-gauge girders made for the Madras and Southern Mahratta Railway.* There is a difference of Rs. 90 a ton.

Mr. Roddick.—This information is not official again. This is not from the Railway Company, but it was given to us by our own agents. I might mention that in 1920 this particular railway placed a considerable amount of girder work with us but when the purchasing officer had to travel 500 miles from and to Calcutta for purposes of inspection, his enthusiasm for placing orders in India must have fallen a bit. He came himself three times, and every time he spent £20 to come and inspect.

Mr. Ginwala.—Let us take well curbs. The difference is about the same.† What is your suggestion about these figures now. You have got figures which come to about 33⅓ per cent. increase in all cases.

Mr. Roddick.—If you are competing with the world you cannot possibly do it especially when India is practically the only field for work at this moment.

Mr. Ginwala.—You suggest, therefore, that there should be protection for the fabricated material to the extent of the difference.

Mr. Roddick.—I take 33⅓ per cent. as the average, but we have detailed them in our letter of 24th September at 50, 33⅓ and 25 per cent.

Mr. Ginwala.—It is only within the last two or three years that there has been such a big gulf.

Mr. Roddick.—I would not say that exactly, for the simple reason that before the war India was not the only field where work was obtainable and British manufacturers did not then realise the importance of it so much. At that time more work was placed on competitive Indian tenders only.

Mr. Ginwala.—Did not we ask you to give us a list of articles which if we recommended protection should be taxed?

Mr. Roddick.—You did not ask us: perhaps you asked the Indian Engineering Association.

Mr. Skinner.—We had a meeting of the Association last Monday. Mr. Heywood asked whether there was any objection to printing the oral evidence we gave on behalf of the Association and we have written to you about it. We placed this particular point before the Association and we have requested each firm to let us have a list of the articles they manufacture and on which they want protection at least by the 21st instant.

President.—I just passed a draft reply to that letter. If you want the copy of the evidence for this purpose, will you print it with the heading "uncorrected" so that members will understand that the Board will be the final authority to put it in form.

Mr. Skinner.—It is important. If they want an opportunity to speak out and if they do not take this opportunity, they will lose their chance.

President.—Until we have received that reply there is no use pursuing this point.

Mr. Roddick.—At the same time 33⅓ per cent. will also in our opinion raise the necessary revenue to pay Tata's Rs. 2 crores bounty, at Rs. 50 a ton on their output of steel.

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* *Vide* Statement No. III (C).

† *Vide* Statement No. III (D).

Mr. Ginwala.—That is on the assumption that the demand for steel is not affected.

Mr. Roddick.—You mean imports of fabricated steel. Even if the imports of fabricated steel is reduced it does not matter.

Mr. Ginwala.—Structural steel amounts to a considerable proportion of the imported steel.

Mr. Roddick.—You cannot arrive at that figure. Figures are not available of the exact quantity of structural steel imported into this country. We have assumed that to be 40 per cent. of the total imports. Assuming one million tons to be the total imports 40 per cent. of it would come to 400,000 tons.

Mr. Ginwala.—Of course one million tons do not include wagons and locomotives at all.

Mr. Roddick.—That means more fabricated material. Then we can assume that 400,000 tons does enter into the country.

Mr. Ginwala.—You are not interested in all fabricated steel surely.

Mr. Roddick.—All, certainly.

Mr. Ginwala.—You import 400,000 tons of fabricated steel, and suppose Tata's make 400,000 tons of unfabricated steel, that will come to 800,000 tons.

Mr. Roddick.—Out of the 400,000 tons of Tatas' steel we may assume 100,000 tons to be fabricated. This will reduce Tatas' figure of unfabricated to 300,000 tons.

Mr. Ginwala.—You say that out of 1 million tons of imported steel 400,000 tons are fabricated. You put a tariff on that. Then there remains 500,000 tons of other steel imported.

Mr. Roddick.—The moment you get a 33⅓ per cent. duty the 400,000 tons of fabricated steel must fall, so that you can ignore the question of raw material. Out of Tatas' 400,000 tons, 100,000 tons will go in fabrication locally. That 100,000 must be replaced assuming also that the total requirements of fabricated steel are only 400,000. The result arrived at will be this: If the price of steel is Rs. 150 a ton, the average price of fabricated steel might be taken at Rs. 300 approximately, and with a duty of 33⅓ per cent. on it, and with the condition that the duty is paid by all importers without exception, the sum collected would be Rs. 3 crores on 300,000 tons against Rs. 2·75 crores to be provided for.

Mr. Ginwala.—We asked for a note on this, I think.

Mr. Roddick.—You did not ask us for a note. You asked the Engineering Association. We have prepared a note which will go before the Association. That might undergo alterations in the meeting of the Association. Because you raised the question of 33⅓ per cent. duty I had to tell you how we would work it out.

Mr. Ginwala.—This other note* which you have sent us makes very interesting reading but you want it back.

President.—For that reason it is not before the Board. If it is to be treated as confidential and to be returned, I think we should treat it as confidential. You cannot ask questions on that.

Mr. Ginwala.—This is a more or less theoretical discussion of the question. We do not wish to examine you on that. It certainly puts forward certain arguments which require examination and when we come to write our report it might be useful to us. May I ask your permission to retain the copy?

Mr. Roddick.—You may keep it for a week or two. There are many arguments which have been put forward in this note.

Mr. Ginwala.—We have not had time yet to examine them from the theoretical point of view. What is your objection to our keeping the note?

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* Not included in these proceedings.

Mr. Mather.—I take it that it may be treated in the same way as the Board treats leading articles in newspapers.

Mr. Roddick.—If you take it as confidential you can keep it.

Mr. Kale.—Do you think that the disparity between your price of wagon and the British price will continue for a long time?

Mr. Skinner.—We cannot say.

Mr. Kale.—They have got certain advantages and you have got certain disadvantages. Do you think that this state of things will continue?

Mr. Skinner.—They cannot possibly go on like this. At present we think they are working at a loss.

Mr. Kale.—Their prices are bound to come down. Your difficulty will be reduced to that extent in the course of a few years?

Mr. Skinner.—Unless something is done soon we shall have to shut down.

Mr. Kale.—Mr. Skinner, you seem to be a convinced protectionist, from what you have said in the papers supplied to us.

Mr. Skinner.—No. But we are up against the present state of affairs.

Mr. Kale.—I am using the word in this sense. You want that new industries should be developed in this country so that more wealth will be produced for people's benefit. You want also that Government should place orders in this country because indirectly it is bound to get more by way of revenue and otherwise, from these new industries.

Mr. Skinner.—If you do not place orders in this country the industries will fail.

Mr. Kale.—When I said that you were a convinced protectionist what I meant was this: What you say is that in spite of the temporary disadvantage of having to pay high prices, in the long run, the country, as a whole, will benefit. That is your view?

Mr. Skinner.—Yes.

Mr. Kale.—Suppose for each wagon, Government has to pay Rs. 1,000 more than at present. Do you think that the country will recover this Rs. 1,000 in one form or another in ten years by the establishment of industries,—by the wages that you pay to labour, by the income-tax you pay to Government, and by increased railway freight and so on? It is in these forms that the money will return?

Mr. Skinner.—Yes.

Mr. Kale.—In your opinion Government is taking a shortsighted view on the wagon question?

Mr. Skinner.—Yes.

Mr. Kale.—I do not know if I should put you this question. Have you noticed the newspaper report of the speech of the Hon'ble Mr. Innes in the Imperial Economic Conference? There are one or two things in that to which I wish to draw your attention. He has said that during the course of the next few years the Government of India have estimated that something like £70,000,000 must be spent on imported stores for railways and other development schemes. He had no doubt that the skill and enterprise of the British manufacturer would see to it that the vast bulk of this money was spent in the United Kingdom. What have you got to say to this? Why I am putting this question to you is this: Will this not stand in the way of your progress?

Mr. Skinner.—Undoubtedly.

President.—Let me put this one question. Supposing the Engineering works in India were to work to their full capacity during the next five years will any considerable balance remain of the work to be done in England?

Mr. Roddick.—If you are going to place a lot of work in India, apparently you are going to keep a lot of money here. I do not know whether the money figures of imports will greatly fall, but certainly the class of imports will.

President.—My point is this: as organised at present, the engineering industry in India is not capable of doing the total amount of work in India.

Mr. Skinner.—We do not know the total amount of work in India, but I can say that the engineering industries as organised at present can do at least four times as much as at present.

President.—What Mr. Cochran was telling me was that the total amount of work done by all the engineering firms in India would not be anything like half the total demand of India. On that basis, the money which the Government of India propose to spend in the course of the next four or five years would gradually grow more. In Mr. Innes' speech, I take it, he was referring to the amount of orders which must be placed in England in any case.

Mr. Skinner.—We are suggesting half but Mr. Innes is suggesting 95 per cent.

Mr. Kale.—Supposing the policy you are advocating is adopted by the Government of India, and engineering firms are given an opportunity of working to their full capacity, how much of this £70,000,000 would be spent in this country? The Government of India have estimated that for railways and other development works they will spend £70,000,000 in the course of the next few years. How much of this will be done in India if the policy you are advocating were adopted by the Government of India? Would it be 30 millions out of the 70 millions?

Mr. Roddick.—Not as much as that within the next few years.

Mr. Skinner.—What is the full amount of Tatas' output?

Mr. Mather.—If they get Rs. 200 a ton for their 400,000 tons output, that would be Rs. 8 crores. About Rs. 2 crores they would get on rails.

Mr. Kale.—I should like to know what is the capacity of the engineering firms.

Mr. Skinner.—If Home firms see that orders are placed in India, it is suggested they will start works in India. Now orders are placed in a spasmodic way, but if there is a regular programme that the Government of India are going to spend so much in the next five years several engineering works will be started and a lot of money would be spent on extensions. Probably in the next few years all of us would be producing our full output. We ourselves could account for about 2 crores of fabricated materials *per annum*.

Mr. Kale.—We may put it down at 25 per cent. roughly. You are at present equipped for about Rs. 2 crores?

Mr. Skinner.—Yes.

Mr. Kale.—Is it your case with regard to the manufacture of wagons that Government should satisfy themselves from your accounts and other things that your prices are reasonable, and should pay that price to you as against the British price?

Mr. Roddick.—Yes. If you guarantee to place orders in India there will be abundance of competition.

Mr. Kale.—Do you think so?

Mr. Roddick.—Undoubtedly.

Mr. Kale.—There are only two or three firms who are manufacturing wagons to-day.

Mr. Roddick.—We are now manufacturing wagons on charity. That is to say, the amount of work offering is so limited. As regards bridge work, Government have been placing more orders than for wagons.

Mr. Kale.—So that there will be greater competition in bridge work.

Mr. Skinner.—It is greater now in consideration of more orders from Government for bridge work than for wagons.

Mr. Roddick.—The wagon industry is more difficult to start, or to re-start if it has been closed down.

Mr. Kale.—So you regard this increase of price that Government will have to pay—the increase represented by the difference between your price and the British price—as a sort of a price that the country will have to pay for the development of this industry?

Mr. Skinner.—It must be realized that it must cost the country something to develop its industries.

Mr. Kale.—Do you think that in 10 years time you will be able to stand on your own legs as regards the wagon industry?

Mr. Skinner.—Yes. If there is a continuous programme for ten years we shall be able to compete with British firms.

Mr. Mather.—You use a certain quantity of steel castings in your works. Can you tell me if you can obtain them in India?

Mr. Skinner.—We buy odds and ends of steel castings in India and we find them quite satisfactory.

Mr. Mather.—As for structural steel and rolled steel of various kinds you import quite a lot for your merchant business and, of course, you use a lot of steel yourselves and along with that I understand you buy a good deal of Tatas' structural steel. Do you find Indian made steel quite satisfactory for your purpose?

Mr. Skinner.—Yes, for general purposes it is as good as imported steel.

No. 24.

The Kumardhubi Engineering Works, Calcutta.

WRITTEN.

Statement I.—Letter, dated 2nd November 1923, from the Kumardhubi Engineering Works, to the Tariff Board.

We beg to submit herewith Report by our Mr. Roberts, General Superintendent of our Works, in reply to the questions raised by your Board in their Circular No. 137—1-E. of the 13th October 1923, which was addressed to the Indian Engineering Association.

Statement II.—The Tariff Board Circular No. 137-1-E. of 13th October 1923, to Indian Engineering Association.

Information requested by the Board.	Replies from Kumardhubi Engineering Works, Limited.
(1) A list of firms who are members of the Indian Engineering Association.	(1) This will be furnished by the Association.
(2) A list of firms (being members of the Association) who manufacture machinery in this country, and the kinds of machinery they manufacture.	(2) Do. do. do.
(3) A statement showing the total quantity of steel used by the firms, who are members of the Association, for their own manufactures, for the years 1919 to 1922.	(3) The average consumption of steel by K. E. W. is 6,000 tons per annum.
(4) A list of principal products manufactured by the Members of the Association of which steel is an important raw material. Where possible the proportion which the cost of the steel bears to the total cost of the finished product should be stated.	(4) Our principal manufactures are:— Bridges, Headgears. Screening Plants, Coal Tubs, Gantries, Towers for Ropeway and Transmission Lines, Tipplers, Columns & Roof Trusses, Haulage Engines, Winding Engines, Ropeways, **Steel is the principal material employed in the manufacture of the above and varies in proportion to other metals from 50 per cent. to over 90 per cent.**

Information requested by the Board.	*Replies from the Kumardhubi Engineering Works, Limited.*
(5) A list of Steel Castings required in substantial quantities by Engineering firms in India. Where possible the approximate total quantity of a particular casting likely to be required should be stated.	(5) Coal Tub Wheels, Bridge Rockers, Gears for Winding and Haulage Engines, Manganese Steel Plates, Manganese Steel Rollers, Cast Steel Sheaves, Cast Tool Steel, etc.
(6) A statement showing the articles manufactured out of steel on a commercial scale by a dozen important firms who are members of the Association which the Association think ought to be protected in some way or other, together with the cost of production of these articles, or the price at which they can be sold in this country, the quantities, if any, of these articles imported by the same firms and the prices at which they were imported.	(6) We consider that either the existing tariffs on raw steel should be reduced to a lower level than on fabricated steel and machinery or that if tariffs on steel are increased there should be a higher rate of tariff than on raw steel imposed upon all fabricated steel and machinery. A list of our principal manufactures are enumerated in paragraph 4.
(7) A few concrete instances of cases in which the duty on the raw material is higher than the duty on the finished product.	(7) (*a*) Material for a complete ropeway can be imported into the country on a 2½ per cent. Import Duty. Bunkers, Loading and Unloading Stations are manufactured at our Works and an Import Duty of 10 per cent. is paid on the raw material for the fabrication. (*b*) A Winding or Haulage Engine can be imported at 2½ per cent. duty as a complete unit. Steel for Beds, Shafts and Sections not rolled in the country are subject to 10 per cent. import duty.
2. (*a*) How far the price of steel must rise before the tendency to substitute timber for steel would come into operation?	2. (*a*) The Association will no doubt reply to this question.
(*b*) Whether, if the manufacture of steel were protected either by import duties or by bounties other firms would commence to manufacture steel and whether internal competition would within a reasonable time begin to affect prices of steel.	**(*b*) The protection of the steel industry for a sufficiently long period would undoubtedly cause other firms to consider the proposition seriously provided the protection afforded was sufficiently attractive.**

Information requested by the Board.	Replies from the Kumardhubi Engineering Works, Limited.
3. (*a*) Whether in the opinion of the Association if the duty on steel exceeded the duty on wrought iron by more than 13½ per cent. wrought iron would replace steel to any appreciable extent.	3. (*a*) We are of opinion that this would not be so to any appreciable extent.
(*b*) The extent to which Members of the Association use wrought iron for purposes for which it is essential.	(*b*) Wrought iron of high quality is a necessary material in connection with all Colliery work where welding is required. The price of this material is considerably in excess of steel and a higher import duty might cause substitution of mild steel with the consequent risk of loss of life through failure.
(*c*) Whether they think it would be practicable to draft the tariff schedule so as to enable the customs administration to distinguish between such wrought iron and those kinds or forms of wrought iron which might be imported to replace steel.	(*c*) Very difficult.
	4. (*a*) Figures will be no doubt provided by the Association.
	(*b*) Do. do. do.
	(*c*) It would be difficult for the Custom authorities to discriminate.
	5. This essentially calls for a reply from the Association.

Oral evidence of Mr. A. S. ROBERTS, representing Kumardhubi Engineering Works, recorded at Calcutta on Monday the 5th December 1923.

President.—You have come on behalf of the Kumardhubi Engineering Works?

Mr. Roberts.—Yes.

President.—Really the most important of your answers to the various questions in our letter to the Indian Engineering Association is your answer to Question 4; that is to say, the list of principal products manufactured by you of which steel is an important raw material.

Mr. Roberts.—The list that we have given is a fairly comprehensive list of our principal manufactures.

President.—You say at the end of the answer "Steel is the principal material employed in the manufacture of the above and varies in proportion to other metals from 50 per cent. to over 90 per cent." That is the percentage of the quantities of metal employed.

Mr. Roberts.—That is correct.

President.—What we are trying to get at is the proportion which the cost of steel bears to the total cost of the finished product. Supposing the duty on steel is raised by a certain amount, to what extent will that directly raise your cost? That is the primary point in which we are interested.

Mr. Roberts.—If you take the list of articles that we have given in paragraph 4, the ratio of the cost of actual materials to the total cost of the manufactured article varies from 65 to 75 per cent.

President.—In no case is it lower than 65 per cent.?

Mr. Roberts.—No.

President.—I am surprised at that a little. At any rate I think in some of these articles there are other materials, cast iron for instance.

Mr. Roberts.—Very little. The two things that you can pick out would be winding and haulage engines. It depends entirely on the type of winding or haulage engine, whether it has a steel or cast iron bed. To-day we try to meet the market by turning out as light an engine as possible, which means as cheap an engine as possible. So, the tendency is to employ steel in preference to cast iron.

President.—I think that your firm does more work in the way of colliery plants than any other engineering firm, does it not?

Mr. Roberts.—We were originally the workshops of the coalfields. When I say we were the workshops of coalfields, I mean we were the workshops of the Bharrakar Coal Company until it was converted into a limited liability company. Then, of course, we extended our scope, but we still remain a colliery workshop to a very large extent.

President.—Let us take these things in order. Take bridges to begin with. We had figures for bridges from various other firms. I have not got them before me at the moment, but I don't think that any figure as high as 65 per cent. was mentioned to us as the proportion which the cost of steel bears to the cost of the bridge. Do you happen to remember, Mr. Mather?

Mr. Mather.—We had figures similar to these for bridgework.

President.—I am only speaking from memory. My impression was that it was a bit lower than that.

Mr. Roberts.—The figures that I have given are taken from our own books. Bridges vary from 65 to 71 per cent.

President.—That is on the work you have actually done.

Mr. Roberts.—Yes.

President.—I take it that the headgears are for collieries. We saw a lot of these when we were at the works.

Mr. Roberts.—Yes, for collieries. There are various kinds of headgears.

President.—Is it in the case of larger ones more than in smaller ones that steel is important, or is it just about the same?

Mr. Roberts.—They are all made of steel.

President.—What is the percentage cost of steel in the case of headgears?

Mr. Roberts.—That varies from 67 to 70 per cent.

President.—You do a good deal of work of that kind?

Mr. Roberts.—A considerable quantity.

President.—Is it a case in which there is a good deal of competition from abroad?

Mr. Roberts.—Yes, we had a case a short time ago. A large coal company in Southern India purchased two very large headgears very similar to the large ones that you saw standing in our works. The manufacturers at Home accepted the order and delivered the headgears at actual cost. I heard it direct from the General Manager of the coal company concerned.

President.—Where is this coal company?

Mr. Roberts.—In Southern India.

President.—In Hyderabad direction?

Mr. Roberts.—Yes.

President.—I don't think that there is much coal further south.

Mr. Roberts.—No. I don't know whether I am at liberty to give you the name of the company.

President.—I don't want the name of the company. Is it in Hyderabad coalfields?

Mr. Roberts.—Yes.

President.—How far is that from your works by rail?

Mr. Roberts.—About a thousand miles.

President.—It must be rather nearer Bombay.

Mr. Roberts.—Not very much. Perhaps the difference may be 100 miles. I don't suppose it is much more.

President.—The point that was in my head was this. Where you have got a thousand miles of railway freight, it is obviously not so easy for you to compete as in the coalfields in your own vicinity.

Mr. Roberts.—Quite true.

President.—Was there any very material difference between the price paid in this case and the price at which you could have supplied?

Mr. Roberts.—About 20 per cent.

President.—But in the coalfields of Bengal and Bihar and Orissa, do you find that there is much competition?

Mr. Roberts.—Considerable competition. There are other large firms in Calcutta and in the immediate neighbourhood who are very keen competitors of ourselves.

President.—That I understand. I mean competition from abroad?

Mr. Roberts.—In the matter of headgears at the present time I should say not.

President.—There is not much at present.

Mr. Roberts.—Not at present.

President.—You cannot foretell what the results might be if your costs were raised.

Mr. Roberts.—If our costs were raised and the duty on manufactured steel was not raised proportionately I should say that we should be hit extremely hard.

President.—You don't think that at present there is much difference between your price and the price of the imported article?

Mr. Roberts.—Very little.

President.—Has there been any direct evidence of that? Are there any figures which you can quote?

Mr. Roberts.—I have none.

President.—I do not know whether you will be able to tell us what was the position before the war as regards headgears? Were there more headgears imported than they are now?

Mr. Roberts.—I cannot reply to that question because previous to the war I was in Calcutta and not so intimately connected with the manufacturing side.

President.—Since the outbreak of war, there cannot have been very much.

Mr. Roberts.—No.

President.—As regards screening plants: I don't think we actually saw anything, did we?

Mr. Roberts.—There was a screening plant right in the very centre of the machine shop.

Mr. Ginwala.—But you were going to renew it!

Mr. Roberts.—There was a certain amount of alteration for the particular purpose for which it was required.

President.—In that case what is the proportion of the cost of steel to the final cost?

Mr. Roberts.—I have not got the actual figures here. As a matter of fact, the notice was so short that I was only able to take out the detail of a certain number of these various machines that we manufacture.

President.—Would you be able to work out the figure within a week or 10 days?

Mr. Roberts.—Yes, I can send you that.*

President.—If you could give us any figures within the next 10 days it would be useful.

Mr. Roberts.—I will send them to you.

President.—Do you make a great many of these? Are they using more screening plants now?

Mr. Roberts.—They are becoming more popular.

President.—In their case is there much competition from abroad?

Mr. Roberts.—Not at the present time, although I believe quotations have been recently called for from England for various projected schemes particularly in the new coalfields.

President.—You mean the Bokharo and Kharanpura coalfields?

Mr. Roberts.—Yes.

President.—Let us go on to coal tubs. Can you give us the proportion for that?

Mr. Roberts.—The proportion varies slightly on the tub, but it can be taken from 65 to 70 per cent.

President.—I think that we saw many varieties of coal tubs at Kumardhubi and in some of them it would enter into more largely than in others.

Mr. Roberts.—Yes.

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* Not received.

President.—You are taking, in giving us the percentage, those coal tubs in which steel plays the largest part?

Mr. Roberts.—Yes.

President.—Those are the ones that you are chiefly interested in making yourselves?

Mr. Roberts.—That is correct.

President.—Is the use of steel in making coal tub underframes a comparatively recent thing?

Mr. Roberts.—It is a new feature that we have put on to the market this year. They have been imported from abroad for some years, but as far as my knowledge goes they have not been manufactured in this country before.

President.—The ones that were manufactured in this country before were mainly wooden.

Mr. Roberts.—Yes, wooden underframes.

President.—I don't know what you call the body of the tub. Was that also made of wood?

Mr. Roberts.—That was made of steel.

President.—The difference is that it is now steel underframe.

Mr. Roberts.—Yes.

President.—Headgears and screening plants, if imported, would come in as machinery, would they not?

Mr. Roberts.—Screening plant would come in as machinery, but the headgear would come in as manufactured steel.

President.—Screening plant would only pay 2½ per cent. whereas headgears would pay 10 per cent.

Mr. Roberts.—Screening plant, if complete, with the drive either electrical or steam would come in at 2½ per cent.

President.—Naturally it would always be imported in the form in which it would pay the least duty.

Mr. Roberts.—That is perfectly correct.

President.—How would coal tubs be classified under the present tariff?

Mr. Roberts.—Coal tubs would be subject to 10 per cent., and there is a very serious competition from Home in coal tubs.

President.—Those that come in are steel ones practically.

Mr. Roberts.—Only the body is imported.

President.—You mean that they simply import the body without anything else.

Mr. Roberts.—They import the body and it is assembled in this country.

President.—Would that be used with a wooden frame made in this country?

Mr. Roberts.—It can be used with a wooden or steel frame made in this country. The plates which form the body of the tub are pressed at Home and come out in bundles. All that is necessary is to assemble them on the spot where they are required to be used.

President.—When wheels come in, they come under a different head and they come in as castings, I take it.

Mr. Roberts.—Wheels are steel castings.

President.—Are steel wheels exclusively used or is there any alternative?

Mr. Roberts.—The alternative is chilled iron. I do not know of the employment of chilled iron in this country.

President.—They are mainly steel. They are also imported on a very large scale?

Mr. Roberts.—Yes

President.—Coal tubs you make yourself, but you don't do any steel castings?

Mr. Roberts.—No.

President.—Where do you get the wheels?

Mr. Roberts.—We import them.

President.—That is to say, they come out as wheels?

Mr. Roberts.—They come out as pair of wheels and axles complete.

President.—In that respect supposing the duty on steel was raised, you would be exactly in the same position as at present relatively with the importer. Both of you have got at present to import wheels and axles and pay the duty on them, and would continue to do so if the duty were raised.

Mr. Roberts.—We should, until the manufacture of wheels has been commenced in this country, which is a point that you may hear information on this afternoon.

President.—We had some evidence about it from the Kirtyanand Iron and Steel Company. They told us that they were badly undersold by continental manufacturers.

Mr. Roberts.—Yes. The price of a pair of continental wheels and one axle to-day is about Rs. 10-8-0.

Mr. Ginwala.—Is it c.i.f.?

Mr. Roberts.—Yes.

President.—It is Rs. 21 for a complete tub.

Mr. Roberts.—Yes, for two pairs of wheels and two axles.

President.—What is the cost of a complete tub?

Mr. Roberts.—It varies from Rs. 135 to 155. It depends on the mine entirely. It is a point that will come out later in my evidence regarding wrought iron.

President.—The cost of wheels and axles varies from 12 per cent. to 15 per cent. of the cost of a tub.

Mr. Roberts.—English wheels are more expensive.

President.—Let me put it this way. When coal tubs are imported, are they imported mostly from Great Britain?

Mr. Roberts.—Yes.

President.—Will the British manufacturer make wheels and axles himself or import from the continent?

Mr. Roberts.—He makes them himself.

President.—Then, the manufacturer out here by using continental wheels may have an advantage in that respect.

Mr. Roberts.—Yes, provided the colliery concerned will accept continental wheels. There are two distinct grades. There is the grade where it is essential to have a first class article. There are mines where grades are not steep. In those cases, colliery proprietors are prepared to accept the cheaper article. Where grades are steep and risk to life is involved, they prefer to pay a higher price and to have the best article procurable.

President.—Anyhow, in the case of the coal tubs that you manufacture, the cost of wheels and axles may be taken as 12 to 15 per cent.

Mr. Roberts.—That is correct.

President.—Let us go on to the next item "gantries." Are these made chiefly for collieries?

Mr. Roberts.—Yes.

President.—Can you give us the proportion of the cost of steel in that case?

Mr. Roberts.—It is 67 per cent. in the case of those gantries that we have recently made.

President.—With regard to Towers for ropeway and transmission lines: can you give us the percentage?

Mr. Roberts.—It would vary from 65 to 70 per cent.

President.—Can you give us figures for Tipplers?

Mr. Roberts.—I can send it to you.*

President.—In those cases where you cannot give us figures just now, you can send it to us later.

Mr. Roberts.—I have not got figures for the rest. I should have to work these out carefully. I shall send them to you later.

President.—Take the Haulage and Winding Engines. Do you make many of these?

Mr. Roberts.—A considerable number.

President.—Have you been making them for quite a long time past?

Mr. Roberts.—Yes. We have equipped many mines in this country with electrical winding and haulage engines. We are continually making them.

President.—Is steel so important in the case of these things as it is in some others?

Mr. Roberts.—Equally important.

President.—How far is it steel that is actually made in this country? What I mean is that in the electrical machinery there may be a lot of steel, but electrical machinery is not yet made in India at all and it would in any case have to be imported.

Mr. Roberts.—In many cases we provide the mechanical portion only and import the electrical gear complete.

President.—In giving us figures, could you exclude the electrical part of it?

Mr. Roberts.—I should exclude naturally the electrical part which would not be taken into consideration.

Mr. Mather.—You say that steel is equally important in these, but do you mean as regards its proportion to the total cost?

Mr. Roberts.—Yes, excluding the electrical part of the plant.

Mr. Mather.—What about the steam haulage or winding engines?

Mr. Roberts.—That is a different subject. India is now electrifying her collieries and we consider that the electrical winding and haulage engines are more important to us.

Mr. Mather.—Leaving out the electrical part of it, do you mean that the steel that you buy forms 60 per cent. of the total cost of the finished article?

Mr. Roberts.—I am not saying that. I should like to have time to have these figures examined.

President.—That was the thing which was really in my head.

Mr. Roberts.—I have said I will send these figures. It is essentially a steel machine. That is the point I wish to maintain. Cast iron does not enter into the electrical winding and haulage engines to the same extent as it does in the case of steam engines.

Mr. Mather.—Therefore the percentage of your total cost is not so high.

Mr. Roberts.—No. It will be less. There is a good deal of machine work to be done in an engine.

President.—Taking the last item, ropeways, what exactly was that used for?

Mr. Roberts.—Generally in a ropeway we import the running part of the plant. The bucket, the carriers and the rope and the motor for the drive, we obtain from Home and then we manufacture in this country the trestles for carrying the rope and the bunkers for tipping the material, so that except for very special steel parts or malleable iron part we actually make ropeways in this country.

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* Not received.

President.—Still, the rope itself is an important item surely.

Mr. Roberts.—Yes.

President.—It is not made in this country.

Mr. Roberts.—No, but in point of weight the big bunkers, the towers and the loading station are the principal things and are made in our own workshops.

President.—Would the rope come in as machinery or as manufactured article?

Mr. Roberts.—If a ropeway is imported complete, it comes in at 2½ per cent. duty classified as machinery under a definite drive.

President.—If you have to import the wire rope for the ropeway what duty do you pay?

Mr. Roberts.—The rope coming in by itself will be subject to 10 per cent. duty but the original rope if it comes in with the ropeway will still come in at 2½ per cent. duty.

Mr. Ginwala.—Does the altered definition of machinery help you?

Mr. Roberts.—No. Provided you import the complete ropeway, you pay 2½ per cent.

President.—For renewals, you pay 10 per cent.

Mr. Roberts.—Yes. In paragraph 88 of the Schedule II—Import Tariff, it is said "Component parts of Machinery, as defined in No. 87, namely, such parts only as are essential for the working of the machine or apparatus . . . ." You cannot work a ropeway without a rope, so it is 2½ per cent. But you could not import a rope subsequently without paying the full duty of 10 per cent.

President.—Of these various castings which you have mentioned in reply to Question No. 5, which of them are made in India at the present moment?

Mr. Roberts.—Bridge Rockers, certain gears for winding and haulage engines and small manganese steel plates.

President.—Are they made in India?

Mr. Roberts.—Very recently. I have purchased them recently.

President.—Can you tell us which firms make them?

Mr. Roberts.—Fairburn Lawson Combe Barbour, Limited, and the Kirtyanand Iron and Steel Works.

President.—Are manganese steel rollers made in India?

Mr. Roberts.—A sample has just been made for me by the first named firm.

President.—Have they just begun?

Mr. Roberts.—Yes. They have just commenced.

President.—What about cast tool steel?

Mr. Roberts.—That has not been made in the country, and I think it is very unlikely that it will be made in the country for many years.

President.—Cast steel gears?

Mr. Roberts.—They can be made in this country..

President.—You think there is no real difficulty in making these in this country.

Mr. Roberts.—No.

Mr. Mather.—This cast tool steel is not steel castings in the ordinary sense of the word.

Mr. Roberts.—No. It is a special steel.

President.—Which are those that are required in the largest number? Of these various castings which do you use most frequently yourself?

Mr. Roberts.—The first five. Of these the largest is No. 1 coal tub wheels.

President.—That in bulk would be the largest in demand?

Mr. Roberts.—Yes.

President.—I am not sure that I understood the second part of your answer to 7 (*a*). "Bunkers, loading and unloading stations are manufactured at our works and . . . ." An import duty of 10 per cent. is paid on the raw material for the fabrication. Do you mean to say that these things, if imported as part of a complete ropeway, pay 2½ per cent.?

Mr. Roberts.—Certainly.

President.—Are you in a position to give the difference that it makes on the cost of the whole thing, that is to say, what have you to pay extra on account of the present rates of duty on the ropeway?

Mr. Roberts.—The difference is between 2½ and 10 per cent.

President.—So to speak, you are paying no duty at all on the work you actually do?

Mr. Roberts.—Except on the steel that we buy.

President.—Supposing that the total cost of your ropeway is Rs. 100 of which cost of the steel is Rs. 60 then the duty you pay is 6, not 10, whereas in the case of the importer, supposing the price is the same, he would pay 2½ per cent. That is the kind of comparison I want to get if possible.

Mr. Roberts.—I could give you that. I have not got these figures here; they would involve a considerable amount of work in getting them done but it can be done.

President.—If you know the percentage of the cost of steel in the ropeway?

Mr. Roberts.—The biggest weight is the Bunkers, loading and unloading stations and the trestles.

President.—But the cost is more important than the weight.

Mr. Roberts.—But the cost will have relation to the weight.

President.—If you have not actually got figures and it would mean a long time in getting them, it is hardly worth while getting them.

Mr. Roberts.—There are no two ropeways which are alike. That is the difficulty. You design a ropeway to go 4½ miles and you design another to go 1½ miles. It all depends on the length and the capacity. It is not easy to arrive at that.

President.—Winding and hauling engines would be easier to take.

Mr. Roberts.—I would rather take an engine and work out the details for each ropeway that is erected is of a particular length and of particular capacity. Therefore each ropeway that is erected varies. I would rather give it for a winding engine or a haulage engine.

President.—If you could work it out on a winding or haulage engine so as to let us see the difference, it would make between the total amount of duty that you have to pay and the duty which the foreign manufacturer had to pay, that would be useful.

Mr. Roberts.—Certainly. You require the total duty that we should pay for material for a haulage manufactured by us in relation to the total duty paid on a complete haulage, that is to say, if you import a complete winding or haulage engine.

President.—Yes. Going on to Question 3 (*a*) you have replied "We are of opinion that this would not be so to any appreciable extent." Your opinion is that there is not much danger of that.

Mr. Roberts.—On the basis of the market quotations. Every week we have market quotations from London, when merchant bars are at £10-5 iron bars are quoted at £18 to £15.

President.—But would that quality of iron bars be the kind that you have to use for replacing steel?

Mr. Roberts.—In so far as our works are concerned when we employ wrought iron we use expensive wrought iron.

President.—I quite understand that at present such wrought iron that you use is of a special quality, but the point is this. If there were a tendency to use wrought iron instead of steel it is important to know what quality of wrought iron could be used to replace mild steel.

Mr. Roberts.—It is a difficult question to answer because that depends entirely on the use to which it should be put. In our own work where risk of life is involved, we make it a practice of using high grade wrought iron. It is possible that in other work where there is no question of risk of life a poorer quality of bar could be used in substitution for steel, but the difference in price to-day is roughly 33⅓ per cent.

President.—You mean on ordinary qualities?

Mr. Roberts.—These are what are called steel merchant bars. When these are quoted for £10-5 the corresponding figure is £13 to £15 for iron merchant bars. I am unable to give you Continental figures. They are possibly cheaper but at the present time there are no market quotations.

Mr. Ginwala.—I should like to hear a little more about the import of this pit head gear. You said that it was sold at cost price by the British manufacturer.

Mr. Roberts.—So I understand.

Mr. Ginwala.—Who told you that?

Mr. Roberts.—The General Manager of the colliery concerned.

Mr. Ginwala.—How long ago was it?

Mr. Roberts.—Last year.

Mr. Ginwala.—Could you tell us what the c.i.f. price was? Per ton or for the whole?

Mr. Roberts.—It was a lump sum figure. I am afraid I have not carried the figure in my head.

Mr. Ginwala.—It would be of some importance if you could give us what the cost price to these people was.

Mr. Mather.—You perhaps do not know what was included in the cost price. Some manufacturers include things which others would not include.

Mr. Roberts.—Actually what was said was that there was not £5 profit on the two headgears.

Mr. Mather.—Probably that covered everything else, even overhead.

Mr. Roberts.—I think it probably covered everything but I do not think that is a question you will get answered. I do not see how the General Manager could know. All he knew was that he purchased these, and later on he was at Home when he was informed by people who made them that there was not £5 profit on it, and they were only too pleased to take the order if it covered the cost of establishment only. Times were so bad.

Mr. Ginwala.—There was a difference of nearly 20 per cent.

Mr. Roberts.—Yes. They got a shorter lead from Madras than we had.

Mr. Ginwala.—And that difference do you suggest was due more to the shorter lead?

Mr. Roberts.—One factor was that they took no profit whatever.

Mr. Ginwala.—How did the difference come to 20 per cent.?

Mr. Roberts.—It is a difficult question to answer.

Mr. Ginwala.—Of course they had to pay freight.

Mr. Roberts.—Certainly and we had to pay freight on the material imported so that one counterbalances the other.

Mr. Mather.—Your freight rate for raw materials would be a good deal less than freight rate for the finished headgear?

Mr. Roberts.—Yes.

Mr. Ginwala.—You cannot explain how this 20 per cent. difference arises?

Mr. Roberts.—No. I cannot.

Mr. Ginwala.—I am trying to understand what your position really is. You say in some place that, if adequate protection is given, more people would come into the business. I mean in answer to Question 2 (*b*) you say: "The protection of the steel industry for a sufficiently long period would undoubtedly cause other firms to consider the proposition seriously provided the protection afforded was sufficiently attractive." You also say in your answer to Question 6 "We consider that either the existing tariffs on raw steel should be reduced to a lower level than on fabricated steel and machinery, or that, if tariffs on steel are increased, there should be a higher rate of tariff than on raw steel imposed upon all fabricated steel and machinery." But you do not explain why you suggest that.

Mr. Roberts.—My reason for that is this: we are trying to develop this country and we require work in this country and, if you are proposing to raise the tariffs on raw material, it is going to make it very difficult to obtain orders in this country owing to the advancement in the price and therefore we require further protection against manufactured goods.

Mr. Ginwala.—That first part is understood, that if your raw material is taxed, then, of course, you would be put at a disadvantage, but you want a higher rate of tariff on the fabricated steel and machinery than on raw steel.

Mr. Roberts.—If protection is to be given at all, then we wish to protect our own industries by having a sliding scale of tariff.

Mr. Ginwala.—For that purpose you must show that you are at a disadvantage as compared with the foreign manufacturer of fabricated steel, but you have not given any instances of that.

Mr. Roberts.—What I am saying in this paragraph is that although I support the thesis that I am against protection, if protection is to be given to the steel industry I ask for protection to be given to the engineering industry. The reason why I ask for that is that I foresee that, with the general higher level of prices, orders will be scarcer than they are to-day. They are bad enough to-day. Enterprise is to a certain extent bound to be crippled, and therefore for the work that is going we consider that we ourselves are entitled to some sort of protection. The protection I ask for is that, if you raise tariffs at all, the tariff on the raw material should be as low as possible, and that you should have a sliding scale as the materials undergo any process of manufacture.

President.—After all, it is up to you to show why the process of manufacture requires protection. You cannot manufacture as cheaply as the foreign manufacturer. One thing is that owing to the taxation of the raw materials you are at a certain disadvantage. Assuming that you were given what is called compensating protection it would fully meet that difference. You want something more. What Mr. Ginwala wants to get at is? What justification is there for getting that something more.

Mr. Roberts.—My justification is that one's turnover in the works is bound to decrease. The demand is bound to fall if a general higher level of rates is imposed.

President.—That is to say there will be a diminution in the consumption of steel?

Mr. Roberts.—Yes. As the consumption will undoubtedly fall, I say we ought to have a corresponding protection.

Mr. Ginwala.—Let us take a few concrete cases. For instance you have given us the cost of a headgear. You have told us that there is a difference between your price and the price of the foreign manufacturer of 20 per cent.

With regard to your other articles, take your colliery machinery, for instance, can you show how you are at a disadvantage as compared with the foreign manufacturer? Take coal tubs or anything you like and show that you cannot produce a coal tub here for, say, Rs. 150 but the foreign manufacturer can have it landed for Rs. 115, so that we can see that there is a difference of Rs. 35 between the two prices.

Mr. Roberts.—What you actually want is the ratio of overhead charges in this country and the overhead charges in England.

President.—It is for you to say that.

Mr. Ginwala.—I want the money value of your disadvantage. It is no use your telling me that your foreign rival undersells you. I want to know by how much he undersells you and for what reason. You can give us instances. You say you can manufacture a coal tub for Rs. 150. The same kind the foreign manufacturer can land at Rs. 135. Then you are at a disadvantage by Rs. 15, and we wish to know the reason why.

President.—You do not allege, I think, that in the case of coal tubs you are at a disadvantage?

Mr. Ginwala.—I only gave that as an illustration.

Mr. Roberts.—We always have a disadvantage when a shipment of Continental materials comes in.

Mr. Ginwala.—Give us an example. For instance, the Continental importers send them for Rs. 120 but you cannot afford to manufacture them at Rs. 150. Until you have given something like that there is no basis upon which we can consider your suggestion.

Mr. Roberts.—I will give paragraph 6 reconsideration.

Mr. Ginwala.—You can give us a few instances to show the amount of disadvantage and we must have these figures as soon as possible, as we have not got very much time left now.

Mr. Roberts.—I shall endeavour to get it soon.*

Mr. Ginwala.—We should like to know what particular proposals you make with regard to this. Supposing that tariff is levied on raw steel you want a higher tariff for fabricated steel. We would like to know on what basis.

President.—He has given his answer already, that the rise in the price of manufactured goods will reduce consumption and he wanted protection on account of that.

Mr. Ginwala.—I want to know what it means in money value.

Mr. Roberts.—It is impossible for me to forecast for the Tariff Board the result of the imposition of a higher tariff.

Mr. Ginwala.—I am not asking for the result. I want to know how it will be increased: for instance you can say by 10 per cent. *ad valorem* on structural steel. You have made no proposals like that. That is the main thing before us. Each applicant has got to say if he is at a disadvantage, how it should be met by the imposition of an additional duty.

Mr. Roberts.—Surely it is impossible for me to tell you the disadvantage we shall suffer because the cost of production of any article in the works depends entirely on the actual output of the works compared with its capacity.

Mr. Ginwala.—Is it reasonable of you to expect the Tariff Board to equalise your conditions with your foreign rivals without your assisting the Tariff Board in any way?

Mr. Roberts.—All I say is, "impose no tariff," but if you do impose it, I want protection. What that protection must be, I am not in a position to forecast.

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* Not received.

Mr. Ginwala.—Supposing the tariff on raw steel was 33⅓ per cent. as Tatas' require, what do you propose for the fabricated steel? That is what I want to know.

President.—If the manufacturers cannot say what it is going to be, it is impossible for the Tariff Board to say. It must be a case of "wait and see."

Mr. Roberts.—I realise that, but the Tariff Board have various guides. I think if you take America, for instance, they have sliding scales of tariff.

Mr. Ginwala.—I do not understand what you mean by sliding scales of tariff.

Mr. Roberts.—Raw material has a certain tariff: semi-manufactured articles have got a higher tariff: completely manufactured articles have got a higher tariff still and so on. You have a basis to work on what the other countries are doing.

Mr. Ginwala.—Conditions may be quite different. The point is I am giving you 33⅓ per cent. as a basis to start with. Having regard to that what is the additional tariff you propose for your own industry? You are in the industry and it is for you to tell us.

Mr. Roberts.—The schedule will have to be a long one.

Mr. Ginwala.—We do not care how long it is.

Mr. Roberts.—It is not a question that I can reply to immediately.

Mr. Ginwala.—Will you let us have your considered reply?

Mr. Roberts.—I will certainly send my reply.*

Mr. Ginwala.—You will let us know how much additional tariff you propose?

Mr. Roberts.—Yes. You require the amount of extra tariff we should propose.

Mr. Ginwala.—Yes. In that will you include your articles of mining machinery. They are, of course, your principal items.

Mr. Roberts.—Yes.

Mr. Ginwala.—Are you also familiar with the coal business, or are you only interested in the coal machinery?

Mr. Roberts.—I am principally interested in the Kumardhubi Engineering Works.

Mr. Ginwala.—So that you cannot tell us what effect any increase in the cost of coal machinery would have on the cost of raising coal?

Mr. Roberts.—I am afraid I cannot tell you that.

Mr. Ginwala.—I take it that the extent to which machinery is used varies at different stages, so that it might be really difficult to get anything like a figure.

Mr. Roberts.—Yes. The only possible way to arrive at that figure would be to take the evidence of one of the Colliery Managers or the Mining Engineers. It depends on whether you work a quarry, a shallow coal mine or a deep coal mine.

Mr. Ginwala.—You have given a list in paragraph 5. Are these the principal kinds of castings that you make? You do not make any steel castings at all?

Mr. Roberts.—We make none.

Mr. Ginwala.—Does it mean that you always import or buy them?

Mr. Roberts.—Yes, we either import or buy the article. Until a few years ago everything was imported, but now it is possible to buy in India. The ones I previously mentioned, the bridge rockers, the manganese steel rollers and a certain proportion of gears required for the haulage and winding engines, can be made in this country.

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* Not received.

Mr. Ginwala.—Can they be made of the basic open hearth steel? Can you make them out of the local pig iron available here?

Mr. Roberts.—The best of them are made from the imported hematite, and the second grade from the country pig.

Mr. Mather.—Which castings are made from the country pig?

Mr. Roberts.—Coal tub wheels for instance.

Mr. Mather.—I don't think any country pig iron is being used in any of the three works which specialize for making steel castings.

Mr. Roberts.—It has been used because we have bought and used wheels made out of Tata's pig. The quality is not as good as the castings made from the imported hematite.

Mr. Mather.—That is not the information given to us, unless it was an experimental lot. They would not be satisfactory for important work.

Mr. Roberts.—I have used it.

Mr. Ginwala.—Can the local pig iron be substituted for the other?

Mr. Roberts.—Not so satisfactorily. The quality is not so good and therefore the life is not so long with the result that the ultimate cost is more expensive.

Mr. Ginwala.—Do you think it would be unsafe?

Mr. Roberts.—It depends entirely on the way it is being used, but in many cases it would not be advisable to use it.

Mr. Ginwala.—What is the cost of the coal tubs imported from the United Kingdom as compared with your own?

Mr. Roberts.—They are very similar in price to-day.

Mr. Ginwala.—With regard to the Continental article how much worse off are you?

Mr. Roberts.—That depends entirely on the rate of exchange at which they are purchased at Home. On occasions, you get a cheap lot which will probably be 15 to 20 per cent. below our price. It is difficult to give you figures regarding the Continent because the exchange is fluctuating so widely that you cannot take a basis.

Mr. Ginwala.—With regard to your average consumption of steel you say it is 6,000 tons per annum. Is it all basic steel or does it include any special kind of steel?

Mr. Roberts.—Ordinary rolled steel.

Mr. Ginwala.—Of the kind that is being manufactured at Jamshedpur? Have you been buying much of your steel or has it all been imported?

Mr. Roberts.—Most of it is imported.

Mr. Ginwala.—Can you give us the imported price, say, for the last two years, of the different kinds of steel?

Mr. Roberts.—You mean the average price?

Mr. Ginwala.—Actual price. Give us the highest and the lowest price in a year. You can take one or two typical cases.

Mr. Roberts.—I am afraid I cannot give you that. I can give you the figures at which the materials have been purchased. For instance Tata's joists were Rs. 174 per ton recently and about the same period English joists sold at Rs. 168·75 per ton landed in the country, duty paid.

Mr. Mather.—Tata's price is f.o.r. Tatanagar and the other f.o.r. Calcutta?

Mr. Roberts.—That is correct. I also purchased Continental at Rs. 142·27.

Mr. Mather.—These were bought about the same date?

Mr. Roberts.—About the same period.

Mr. Mather.—And about the same sizes and section?

Mr. Roberts.—Yes.

Mr. Ginwala.—That is a sort of purchase I wanted—extending over a couple of years.

Mr. Roberts.—I have only taken the recent purchases.

Mr. Mather.—Can you give us any recent prices for steel plates and black sheet?

Mr. Roberts.—The sheets that we buy are perhaps not rolled in the country.

Mr. Mather.—I quite understand that, but it would be useful to the Board to know what the prevailing prices are in India.

Mr. Roberts.—I could obtain these for you.*

Mr. Mather.—You must be using a considerable amount of sheets?

Mr. Roberts.—We do, but our biggest demand is for a plate which up to the present has not been rolled in the country and therefore I cannot give you the comparison.

Mr. Mather.—I do not want comparative prices; it would be useful if you could give us the price of the English material landed in India.

Mr. Roberts.—I have not got the notes with me and I would rather not give it from memory. I will send it to you later on.*

Mr. Ginwala.—And also of bars and things like that. Has the manufacture of colliery machinery reached a stage in this country when you think it ought to get any encouragement?

Mr. Roberts.—Certainly it has. There are many works in this country that can turn out complete equipment for the colliery with the exception of the electrical machinery.

Mr. Ginwala.—Do you think it will not be an undue burden on the coal business if any encouragement was given to the coal machinery?

Mr. Roberts.—Any rise in the cost of materials must of necessity increase the raising cost per ton at the colliery.

Mr. Ginwala.—I use the phrase "undue burden." Would it so unreasonably raise the cost that it would be better that the colliery machinery business should die out rather than that the coal business itself should die out?

Mr. Roberts.—I don't think the increase of duty would be sufficiently serious to warrant the closing down of colliery equipments being made in this country.

Mr. Ginwala.—Do you think that after a reasonable time colliery machinery would be manufactured at more or less the same cost as that of the imported machinery?

Mr. Roberts.—I see no reason at all why it should not.

Mr. Ginwala.—Are you favourably situated with regard to coal and your raw materials other than steel?

Mr. Roberts.—We are.

Mr. Ginwala.—How about your labour?

Mr. Roberts.—Labour is plentiful.

Mr. Ginwala.—Is it of the kind that you require?

Mr. Roberts.—It is.

Mr. Ginwala.—Is it chiefly Indian labour that you employ?

Mr. Roberts.—Practically entirely with the exception of heads of departments.

Mr. Kale.—You said that an increase in the price of steel would restrict the consumption of such articles as you turn out. Do you not think that in the course of time these things would adjust themselves? People will be accustomed to the high level of prices of your output and the demand for that output and the price of it will adjust each other.

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* Not received.

Mr. Roberts.—The general advance in price must lead to curtailment of development, at any rate for a considerable period. It is to development that works look for new business and that is bound to suffer with the imposition of a high tariff.

Mr. Kale.—Do you think that the consumption of many of these articles that you have pointed out in your answer to Question 4 will be so restricted as to have the effect that you apprehend?

Mr. Roberts.—I do.

Mr. Kale.—Is it not a fact that many of these have now become necessaries in collieries so that they cannot do without them?

Mr. Roberts.—That is true, but the collieries could undertake the genera repairs of coal tubs and other items themselves instead of purchasing new material; that is to say, if prices are considerably advanced, it will then pay them to repair damaged coal tubs in preference to buying new ones.

Mr. Kale.—But that can only be for a short time. They cannot go on repairing and repairing, they will have to buy new tubs?

Mr. Roberts.—Ultimately they have got to buy, but what is the length of that period going to be? Considerable I think.

Mr. Kale.—Do you think that during the length of time that will elaps the damage done to your industry will be very serious?

Mr. Roberts.—I think it will be serious. Collieries are already thinkin of changing over and putting in electrical plants, as far as they can. Peopl who are thinking of sinking new shafts will say we cannot afford to pay fo the head gears and the winding and haulage engines and all the rest of th plant that is required in starting up a new pit, so that development to a appreciable extent must be curtailed.

Mr. Kale.—But they cannot postpone indefinitely; that is my point. I may be for one or two or three years that they can postpone—it cannot b postponed for long.

Mr. Roberts.—The question is impossible of reply; only the future ca show.

Mr. Kale.—You are not afraid that any of these will be substituted b others? Is there any possibility of a substitution so that the demand fro you may be curtailed?

Mr. Roberts.—If the price of steel is not economical as against the co of timber, it will be possible for the whole of the colliery owners in Norther India to go back to wooden coal tubs as is at present being done in Souther India. That trade might disappear altogether.

Mr. Kale.—Do you think that timber is likely to be substituted for son of these things?

Mr. Roberts.—That I cannot say. That is a question of the value of th two materials.

Mr. Kale.—If the price of steel becomes prohibitive?

Mr. Roberts.—They will put wooden sides to their coal tubs.

Mr. Kale.—Is it a fact that the number of engineering works has i creased more largely than in proportion to the demand for them?

Mr. Roberts.—Given normal trade, I should say no.

Mr. Kale.—Is it on account of the depression that prevails that the appears to be a larger supply than the demand?

Mr. Roberts.—In my opinion it is entirely owing to the depression.

Mr. Kale.—If the normal state of things were to return, then you wou not find yourself faced by the present difficulty?

Mr. Roberts.—In my opinion, no.

Mr. Kale.—In your answer to Question 4 you have said that "the st is the principal material employed in the manufacture of the above a varies in proportion to other metals from 50 per cent. to over 90 per cent

I think the President pointed out to you that what we want to know is the proportion of the value of steel to the total value of the article and the relation between the steel and other materials.

Mr. Roberts.—The figures I gave to the President are the figures that you require.

President.—I think it is clear that what it means is the quantity percentage and not the cost percentage.

Mr. Roberts.—I have given the President the cost percentage.

Mr. Kale.—That relates to the value?

Mr. Roberts.—Value of the steel as compared to the total value of the article manufactured.

Mr. Mather.—Does your company import any steel forgings?

Mr. Roberts.—As a rule not. We have a good smithy, but for special works, for instance, steel forging for ropeways, we import these.

Mr. Mather.—Do you make any forgings of the kind for which you think there will be difficulty in getting the necessary kind of steel in India?

Mr. Roberts.—We do.

Mr. Mather.—For what kind of forgings can you not get the steel in India? Do you make any forgings which require a kind of steel that is not made in India or is not likely to be made?

Mr. Roberts.—We import steel that is not made in this country because the section required is not rolled.

Mr. Mather.—What sections do you import?

Mr. Roberts.—Rounds, squares and flats.

Mr. Mather.—What sizes are they?

Mr. Roberts.—We run up to 10″ in rounds. If you take the flats there are only certain sections that are rolled in this country: for instance very often the half inches are missed out, say, for 4½″ width you can only get 4″. The complete range of articles is not rolled in this country and that applies to the whole of the steel that we purchase.

Mr. Mather.—I quite understand that you find it difficult to get the particular sizes that you want at a particular time; that is almost inevitable owing to the comparatively small outturn in India. If you want, say, a 4½″ × ½″ flat you may not be able to get it. But I regard that as a kind of steel that could be made in India, but if you want 10″ round for heavy forgings that might come in a different class. I do not know if the Tata Company will make that. But do you think that these are required by the engineering trade in India to any considerable extent?

Mr. Roberts.—The consumption is small.

Mr. Mather.—Now about wrought iron. As you are aware we have asked the Engineering Association and they have given us some information about the possible necessity of increasing the duty on wrought iron in order to prevent wrought iron replacing steel if the price of steel is raised by a duty. I gather from your remarks that you think that a substitution is not probable owing to the big difference between the price of wrought iron bars and steel bars.

Mr. Roberts.—My remark is based on market quotations which show roughly about 33⅓ per cent.

Mr. Mather.—I have here the latest issue of the Iron and Coal Trades Review, dated October, in which Belgium iron bars are quoted at Rs. 7-15-6 f.o.b. Antwerp, and steel bars £8-1 per ton, so that wrought iron bars are quoted practically at the same price as steel. Do Continental iron bars come into India to a great extent for your kind of work?

Mr. Roberts.—The figures I gave were purely British.

Mr. Mather.—At this particular date British wrought iron was considerably dearer than steel but at a slightly earlier date, for instance, wrought iron bars were quoted at £10-15 and steel bars at £9-5 for export, showing undoubtedly a considerable difference but nothing like such a big difference as your figures. My point in putting this to you is that I don't think one can rely completely on an automatic protection of the steel trade owing to a continuously higher price of wrought iron.

Mr. Roberts.—No.

Mr. Mather.—The difference between the price is really uncertain and fluctuates very considerably from time to time.

Mr. Roberts.—At the present time it is almost impossible to judge what the Continental prices are likely to be.

Mr. Mather.—I am simply stating what the actual market quotations are.

Mr. Roberts.—It is possible that Continental wrought iron might come in as a substitution. That is a possible contingency.

Mr. Mather.—It would not be very much of a consolation to the steel industry in this country to know that it is the Continental wrought iron.

Mr. Roberts.—No, but you ask for a duty of 33⅓ per cent.

President.—The Tata Iron and Steel Company propose that if steel went up by 33⅓ per cent., wrought iron should go up to 20 per cent. At least it would prevent wrought iron from replacing steel for some purposes.

Mr. Roberts.—In my written statement I have been considering the question from our own workshop point of view, and we did not purchase these cheap bars.

Mr. Mather.—If we accept the position that the difference between wrought iron and steel fluctuates considerably, and sometimes it is very very small indeed, that would make it more or less inevitable that, if additional protection is given to the steel industry, some addition should be made to the duty on wrought iron. Then the question arises whether you think it would be practicable for us to exclude the kind of wrought iron that you use which is distinctly higher in price than steel.

Mr. Roberts.—I think it should be done but it would cause a considerable amount of trouble to the Customs authorities.

Mr. Mather.—Can you tell us under which heading in the Tariff Schedule your wrought iron comes?

Mr. Roberts.—Quality superior to grade A.

Mr. Mather.—The wrought iron that you use is chiefly superior to grade A?

Mr. Roberts.—Yes.

Mr. Mather.—The tariff valuation is Rs. 400 a ton?

Mr. Roberts.—Yes.

Mr. Mather.—That, of course, obviously is not likely to compete with steel in itself?

Mr. Roberts.—No.

Mr. Mather.—The only question would be whether the Customs authorities could maintain a differentiation between that and the common quality?

Mr. Roberts.—In the case of wrought iron, it is very carefully specified in the invoice.

Mr. Mather.—At present you pay 10 per cent. on the Tariff Valuation, that is Rs. 40. So, I take it that so long as the duty was not raised above Rs. 40, you would have no particular objection.

Mr. Roberts.—Quite.

Mr. Mather.—Can you give us any idea how much of this wrought iron you use in a year?

Mr. Roberts.—At the present time 200 tons. We have used as high as 600 tons.

Mr. Mather.—In a normal year it would be 400 tons?

Mr. Roberts.—400 to 500 tons.

Mr. Mather.—I expect that you use Yorkshire iron?

Mr. Roberts.—Yes.

Mr. Mather.—I should like a little more information about those steel castings which you say are made from Tatas' pig iron. Are they coal tub wheels?

Mr. Roberts.—No. They are plates.

Mr. Mather.—You mean cast steel plates?

Mr. Roberts.—Yes.

Mr. Mather.—Would you mind telling us which firm makes them?

Mr. Roberts.—Fairbairn's. I am not sure that I am correct in saying Tatas'. It might have been Bengal Iron Company.

Mr. Mather.—It is a matter of indifference, so long as it is Indian made pig iron.

Mr. Roberts.—I correct myself to the extent that it is country-made pig.

Mr. Mather.—And not Mysore?

Mr. Roberts.—No.

Mr. Mather.—Was that just an experimental lot or what?

Mr. Roberts.—We should give continuous repeat orders.

Mr. Mather.—Do Fairbairn's propose to continue to make from Indian pig iron?

Mr. Roberts.—No, they are now using English pig.

Mr. Mather.—Had they not found it satisfactory?

Mr. Roberts.—I understand not.

Mr. Mather.—So that we don't need to alter our views that it is not possible to make satisfactory castings from Indian pig iron. It has been tried in this particular case but you say that they propose to go back to English pig iron?

Mr. Roberts.—That is true.

Mr. Mather.—So the view we have maintained so far is more or less borne out by this experiment?

Mr. Roberts.—I should think it is perfectly possible to make a tub wheel from Indian pig but the quality will be inferior.

Mr. Mather.—It is possible to make one, there is no question about that. Would it be a suitable wheel? You say in the case of these cast steel plates they have decided to go back to English pig iron in order to get a satisfactory quality?

Mr. Roberts.—That is true.

Mr. Mather.—Have you any reason to think that that would not happen in the case of tub wheels which would probably be subject to much more strenuous service than your plates?

Mr. Roberts.—I should think that the practice of using English pig will be continued.

President.—This figure, 6,000 tons, was the quantity of steel you require. Is that the figure for an average year?

Mr. Roberts.—Yes.

President.—At present I take it that it is somewhat smaller, or are you using that quantity?

Mr. Roberts.—That is the average of the last few years.

President.—Have you been employed on anything like the full capacity of your works?

Mr. Roberts.—No.

President.—If your works were fully employed, what would be your consumption?

Mr. Roberts.—We can double that.

No. 26.

Messrs. Richardson and Cruddas.

WRITTEN.

Statement I.—Original representation of Messrs. Richardson and Cruddas, to Tariff Board, dated the 9th August 1923.

We are duly in receipt of your letter No. 86 of the 3rd instant enclosing a copy of a communiqué issued by the Tariff Board on the 17th July last.

We beg to bring forward our opinions on the points raised as follows:—

(*a*) *We consider that the Indian Steel Industry should be protected.*

It is essential that the natural resources of a country should be brought into use and steel is one of the most valuable of these resources. It is probable that for some years to come anyhow it will be impossible for the Indian Iron and Steel Industry to compete on level terms with European production and evidence of this was conclusive immediately prior to the war, the war afforded temporary relief, but now that we are returning to more normal conditions the prices of European Steel, Continental in particular, are falling so low as to make it more and more difficult for the Indian Steel industry to continue.

(*b*) *We consider that this protection should be in the form of a Bounty upon tonnage produced annually or some preferential extra receivable by the Iron and Steel Works on Government purchase* (e.g., *Rs. 10 per ton on all Government orders for Rails*) *rather than in the form of increased Customs Duty on Imported Steel.*

A Bounty (say Rs. 5 to Rs. 10 per ton) on the tonnage produced annually or a guarantee of Government orders for rails with a preferential Allowance (Rs. 5 or Rs. 10 per ton) to enable the Indian Steel Makers to compete against other makers, assists the Industry concerned without handicapping the other allied industries or putting up the price of Iron and Steel to the purchaser.

If the Import duties are increased on all Iron and Steel coming into the country, the effect will be to put up prices all round for the raw as well as the finished material, this method of protection therefore assists the steel industry to the great detriment of all Allied industries and other purchasers, and will cause hardship, in increased prices, all over this country where every village has its blacksmith and wheel-wright who will have to pay more for his raw material and therefore charge more for his ploughs, bullock cart tyres, etc.

We regret we are unable to send a representative to Calcutta to give oral evidence on this subject but should the Tariff Board come to Bombay, we shall be glad to send a representative to state our views.

Statement II.—Letter from Messrs Richardson and Cruddas, to the Secretary, Tariff Board, dated the 11th September 1923.

We thank you for your letter No. 184 of the 30th ultimo with copy of a letter addressed by the Tariff Board to firms interested in Iron and Steel and also the list of questions.

We send you herewith our replies to the questionnaire, and we shall be glad to be given an opportunity to give oral evidence when your Board visits Bombay.

We would once again lay stress on our views, put before you in our letter No. G.-8180-G.R. of the 9th ultimo. We are very strongly of the opinion that any assistance in the way of partial or complete protection granted to the Iron and Steel Industries of India should take the form of (*a*) Bounties, or (*b*) Assistance from Government in the way of guaranteed orders combined with assistance in price and *not* in the form of increased Import Duty.

An increased Import Duty or Iron and Steel will put up prices of every commodity to all classes in this country.

Iron and Steel enters directly or indirectly into the manufacture of everything and further the railways will be compelled to increase their rates owing to increased cost of materials. Every village has its local Blacksmith who requiries Iron and Steel for his cart tyres, ploughs, etc., and the suggested increase of Import duty on Iron and Steel from 10 per cent. to 33⅓ per cent. will affect *adversely* every individual and every industry in the country except the small minority of Manufacturers of Iron and Steel.

If on the other hand Protection is given in some other way either (*a*) by Bounties on the annual tonnage produced or (*b*) guaranteed orders for a certain tonnage of Steel Rails, etc., every year at a price, economical to the manufacturer, then the Iron and Steel Makers are assisted without hurting the general public or other industries.

We take this opportunity of once again placing these views before you.

We are sending you 6 spare copies of this letter and of our replies to your Questionnaire as requested.

ANSWERS TO QUESTIONNAIRE.

(1) Yes, this would certainly affect the operations of our firm adversely, as it would tend to put the monopoly for the Supply of Iron and Steel into the hands of a very small number of Indian Makers who would force up the price of all raw material and amongst whom there would be very little room for competition as it would be more than they could do, for some years anyhow, to compete with the demands for their products.

We have made purchases of Iron and Steel in India for years but have frequently found ourselves unable to obtain supply of our needs. The large Sections of Steel Beams, Round Bars, etc., are not rolled in this country at all, other sections at only infrequent intervals and we should therefore be compelled to still buy a very large quantity of our raw Iron and Steel in Europe and pay the extra duty. Further the shortage of rolling stock on the Railways makes it very difficult for us to send away our fabricated steel from our works to the erection site and this would become doubly difficult if this steel has to be first brought here by rail in the raw.

To sum up, our difficulties in obtaining our raw materials will be increased and we should have to pay more for them.

(2) Constructional Steel of *all* kinds and Smith and Machine Shop work, Bridges, Buildings, Tanks and Trestles, Well-curbs, etc. We also carry on a large merchant business in plain sectional steel of all kinds.

(3) We require, approximately :—

——	For Manufacture.	For Merchant Sale.	Total.
	Tons.	Tons.	Tons.
Steel Beams	4,000	5,000	9,000
„ Channels	200	200	400
„ Angles, Tees, etc.	1,500	500	2,000
„ Plates, etc.	500	300	800
Corrugated Sheets	500	1,000	1,500
Pig Iron and Blooms	1,500	...	1,500
Total	8,200	7,000	15,200

(4) Approximately 50 per cent.

(5) The whole may be said to be consumed in India, *less* about 800 tons of all kinds sent to Mesopotamia and Persia each year.

(*a*) Imported	. . . .	80 per cent.
(*b*) Manufactured in India	. . . . .	20 per cent.

(6) The average outturn is as given in question (3).

We reckon that with our present plant we could turn out an additional 25 per cent. if pressed to the maximum, and with the additional workshops now under construction a further 15 per cent.

(7) Government Departments—P. W. D., etc.

Railways.
Mills.
Military Authorities—R. E., etc.
Municipal Authorities and Local Government.
Indian States.
Our annual export does not exceed 300 tons.

(8) No.

(9) (*a*) *Foreign competition in India Market.*—This is confined to Fabricated Material (*e.g.*, Roof Trusses, Columns, etc.) in which we have to meet competition of foreign Engineering Firms and this competition is increasing and British and Continental Engineering Firms are more and more coming into this market. The proposed increase in duty on Raw Material (Iron and Steel) will not help us in this respect nor will it help anyone else except the Industries themselves, as prices will go up all round and this will not be confined to articles made of Iron and Steel but to every commodity, due to increased railway freights owing to increased cost of materials and further Iron and Steel themselves enters into the manufacture of practically every industry.

(*b*) *Foreign competition elsewhere* does not affect us.

(10) (*a*) Yes, we consider that the duty upon material of Iron and Steel, upon which work of any kind has been done, such as holding, riveting, casting etc., should be increased so as to guard Indian Workshops such as our own against this foreign competition. At present—Beams, Joists, Pillars, Girders, Screw-piles, Bridge work, etc., are all classified together and duty charged at 10 per cent. *ad valorem*. Assistance given in this direction would indirectly help the Indian Iron and Steel Industries as it would encourage us to buy more largely from them, as more fabricating would be done in the country than is the case at present, and further the revenue accruing from this increased duty would go some way towards affording a Bounty or other help being accorded to the Indian manufacturers of the Raw Iron and Steel.

(*b*) In this event the duty on Fabricated Iron and Steel must go up at least the same percentage as that on the Raw Iron and Steel Material.

If the duty on Fabricated Iron and Steel be allowed to remain as at present and the duty on Raw Iron and Steel be put up 33⅓ per cent. then it will be cheaper to import steel work than to make it in this country and firms such as ours would have to close their doors.

(11) This question appears to be answered in the preceding answer so far as the manufactured products of our Firm are concerned.

In the event of this question referring to the products of the Basic Iron and Steel Industry in India, we would then refer you to the covering letter sent herewith.

(12) No.

Statement III.—Letter dated December 12th, 1923, from Messrs. Richardson and Cruddas, to the Tariff Board, giving additional information called for.

We thank you for your letter No. 662 of the 7th instant with record of evidence given by the writer before the Tariff Board on the 21st ultimo. We have been through this carefully and made some corrections, but on the whole it gives a wonderfully accurate report of the questions and answers.

As regards the various statements asked for, we send them to the best of our ability herewith.

(1) *Evidence, with actual figures showing competition between European Engineering firms and Indian firms.*

We have had considerable difficulty in obtaining figures of the European firms. It is most unusual, on this side of India anyhow, to be able to obtain prices given by a competitor and in several recent cases where we have been underquoted by British makers we have absolutely failed to obtain our competitors' figures even though we explained the object for which we required them. We have, however, been able to get some figures in the following cases and these are really typical of many others:—

(*a*) In *June 1922* we came up against Dorman Long & Co. in a tender for some Plate Girders. Dorman Long's price worked out at *Rs. 263* per ton f.o.r. Bombay and our lowest price (allowing only 10 per cent. for contingencies and profit) was *Rs. 305 per ton.*

(*b*) Again in the latter half of 1922 we came up against Dorman Long & Co.'s competition in a tender for a Mill—about 273 tons of steel.

	£	
Dorman Long quoted	3,349	f.o.b. Middlesboro.
Freight at 20*s.* per ton . . .	273	
Insurance, etc., 1½ per cent. say . .	50	
	3,672	c.i.f. Bombay.
	Rs.	
at ¼ to rupee	55,080	
Duty at 10 per cent.	5,508	
Landing, wharfage and cartage Rs. 10 per ton	2,730	
	63,318	f o.r. Bombay.

Against which our lump sum quotation was Rs. 80,083 f.o.r. Bombay and this included only 10 per cent. for contingencies and profits.

In the above two examples the cost of the steel as compared with the cost of the finished article is as follows:—

	Cost of Steel.	Charges, etc.
	Per cent.	Per cent.
Dorman Long & Co. . . .	65	35
Ourselves	55	45

	Rs.	
In the first case (*a*) Dorman's price was .	230	per ton c.i.f. Bombay.
Duty 10 per cent.	23	
Landing, wharfage, etc., at Rs. 10 per ton	10	
	263	

had duty been 33⅓ per cent.

	Rs.	A.
Dorman's price equals	230	0
Duty 33⅓ per cent.	76	10
Landing, etc.	10	0
	316	10

	Rs.	
whereas our price with duty *at 10 per cent.* =	305	Per ton.
of our price—Steel represents 55 per cent. =	168	
Charges at 45 per cent. . . . . . =	137	

	Rs.
Steel	144
Duty 10 per cent.	14
Wharfage, etc., Rs. 10 per ton . . .	10
	168

If duty *were 33⅓ per cent.*

	Rs.
Steel	144
Duty 33⅓ per cent.	48
Wharfage, etc., Rs. 10 per ton . . .	10
	202

	Rs.
Charges, etc.	137

	Per ton. Rs.
Our price	339
Against Dorman's	817

(2) *Regarding proportion between cost of steel and cost of the fabricated article.*

We have very little to add to what has already been said, except that a fairer average taken on the *basis of tonnage* as far as we are concerned, would be about 60 per cent.—the percentage varies from 40 per cent. in the case of roof trusses and other light work requiring a lot of labour to fabricate to 65 per cent. in the case of Bridge and Column work, and the average in our case works out at between 55 per cent. and 60 per cent.

In comparing this with the same percentages in the case of British Engineering Works there are one or two factors to be considered.

(*a*) *Labour.*—Our wages are now about double pre-war rates and have not come down *at all* since reaching their maximum and owing to the shortage of the skilled labour required by Engineering firms in India it is going to be extremely difficult to get these rates down, whereas British wage rates have come down very considerably owing to unemployment and the consequent competition.

(*b*) British Engineering firms have been able to reduce their overhead and working charges very considerably by introducing labour saving devices in the form of complicated machinery which we are unable to use in this country. Indian labour is very conservative and it is extremely difficult to get them to use effectively any machinery which tends to save labour or to quicken output.

In view of the above we are of opinion that an *increased* import duty on imported fabricated steel of say *10 per cent.* would not afford a *protection* to Indian Engineering firms of more than about 2½ per cent. and that in view of the competition now existing between British and Indian Engineering firms when tendering for work in this country it is essential that some extra protection should be given in order to assist us in India and therefore that if any increased duty is put upon imported raw material (Beams, Angles, etc.) the *same* duty at least should be put upon the fabricated article as far as structural steel is concerned anyhow.

(3) *C.i.f. Prices of British and Continental steel over the last 2 years.*

These figures, as regards Beams, were handed in by our Major Richardson when giving evidence on the 26th ultimo on behalf of the Bombay Chamber of Commerce. We now send similar figures for Angles and Tees.*

(4) *As regards Mr. Ginwala's questions as to* Ad Valorem *and* Specific *duties.*

Much of this question appears to be answered by (2) above. Whether the duty imposed is *ad valorem* or *Specific* we want a similar duty to be imposed on fabricated *structural* steel (building material, bridges, tanks, etc.) as is imposed upon the raw material in the form of beams, angles, tees, etc., and we feel that in the case of structural steel anyhow this duty will *have* to be *ad valorem* otherwise great complications will occur among the Customs Officials as to the nature of steel work being imported.

We fear the above is extremely sketchy but your letter only came to hand yesterday about 11 A.M. and this reply must be posted to-day so that we have had no time to go into it all as we should have liked.

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* See Appendices A and B.

APPENDIX A TO STATEMENT III.

C.i.f. Prices for Rolled Steel Beams.

Date.	British.	Continental.	REMARKS.
1922.	£ s. d.	£ s. d.	At per ton.
January—			
5th	9 5 0	8 15 0	
12th	9 10 0	8 15 0	
19th	9 10 0	8 15 0	
26th	9 10 0	8 12 6	
Feburary—			
2nd	9 10 0	8 12 6	
9th	9 10 0	8 10 0	
16th	9 12 6	8 10 0	
23rd	9 12 6	8 10 0	
March—			
2nd	9 12 6	8 10 0	
9th	9 12 6	8 10 0	
16th	9 12 6	8 10 0	
23rd	9 17 0	8 12 0	
30th	9 17 0	8 12 0	
April—			
6th	9 17 0	8 12 0	
13th	9 17 0	8 12 0	
20th	9 17 0	8 12 0	
27th	9 17 0	8 12 0	
May—			
4th	9 17 0	8 12 0	
11th	9 17 0	8 12 0	
18th	9 17 0	8 12 0	
25th	9 17 0	8 12 0	

Date.	British.	Continental.	Remarks.
1922—*contd.*	£ s. d.	£ s. d.	At per ton.
June—			
1st	9 17 0	8 12 0	
8th	9 12 0	8 12 0	
15th	9 12 0	8 12 0	
22nd	9 12 0	8 12 0	
29th	9 12 0	8 12 0	
July—			
6th	9 12 0	8 9 0	
13th	9 12 0	8 9 0	
20th	9 9 6	8 4 0	
27th	9 9 6	8 4 0	
August—			
3rd	9 7 6	8 4 0	
10th	9 7 6	8 4 0	
17th	9 7 6	8 4 0	
24th	9 7 6	8 1 6	
September—			
1st	9 7 6	8 1 6	
7th	9 5 0	8 1 6	
14th	9 5 0	8 1 6	
21st	9 5 0	7 18 6	
28th	9 5 0	7 17 6	
October—			
5th	9 5 0	7 17 6	
12th	9 5 0	7 17 6	
19th	9 5 0	7 15 0	
26th	9 5 0	7 10 0	

Date.	British	Continental.	REMARKS.
	£ s. d.	£ s. d.	At per ton.
1922—*concld.*			
November—			
2nd	9 5 0	7 7 6	
9th	9 5 0	7 2 6	
16th	9 5 0	6 18 9	
23rd	9 5 0	6 18 9	
30th	9 5 0	6 18 9	
December—			
7th	9 7 6	6 18 9	
14th	9 7 6	6 18 9	
21st	9 7 6	6 18 9	
28th	9 7 6	6 18 9	
1923.			
January—			
4th	9 7 6	7 2 6	
11th	9 7 6	7 2 6	
18th	9 7 6	7 2 6	
25th	9 12 6	7 13 9	
February—			
1st	10 7 6	7 13 9	
8th	10 7 6	..	
15th	10 7 6	..	
22nd	10 7 6	..	
March—			
1st	10 12 6	..	
8th	10 17 6	..	
15th	11 0 0	..	
22nd	11 3 6	..	
29th	11 3 6	..	

Date.	British.			Continental.			Remarks.
	£	s.	d.	£	s.	d.	At per ton.
1923—*contd.*							
April—							
5th	11	3	6		..		Continental Prices not available owing to Ruhr occupation.
12th	11	3	6		..		
19th	11	3	6		..		
26th	11	3	6		..		
May—							
3rd	11	3	6		..		
10th	11	3	6		..		
17th	11	1	0		..		
24th	10	17	6		..		
June—							
1st	10	17	6		..		
7th	10	15	0		..		
14th	10	12	6		..		
21st	10	10	0		..		
28th	10	10	0		..		
July—							
5th	10	7	6		..		
12th	10	7	6		..		
19th	10	5	0		..		
26th	10	5	0		..		
August—							
2nd	10	5	0		..		
9th	10	5	0		..		
16th	10	2	6		..		
23rd	10	0	0		..		
30th	9	1[illegible]	6	8	12	6	

Date.	British.	Continental.	REMARKS.
	£ s. d.	£ s. d.	At per ton.
1923—*concld.*			
September—			
6th	9 17 6	8 12 6	
13th	9 17 6	8 12 6	
20th	9 17 6	8 15 0	
27th	9 17 6	9 0 0	
October—			
4th	9 15 0	8 17 6	
11th	9 15 0	8 17 6	
18th	9 15 0	8 17 6	
25th	9 15 0	8 17 6	
November—			
1st	9 17 6	8 17 6	

APPENDIX B TO STATEMENT III.

Comparison of British and Continental c.i.f. and C. Prices per ton.

—	ANGLES.		TEES.	
	British.	Continental.	British.	Continental.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1922.				
January	9 10 0	9 0 0	10 10 0	10 2 6
February	9 12 6	9 0 0	10 2 6	9 0 0
March	9 17 0	9 2 0	10 17 0	10 2 0
April	9 17 0	9 2 0	10 17 0	10 2 0
May	9 17 6	9 2 0	10 17 0	10 2 0
June	9 12 0	9 2 0	10 12 0	10 2 0
July	9 9 6	8 10 0	9 19 6	9 10 0

—	ANGLES.		TEES.	
	British.	Continental.	British.	Continental.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1922—*contd.*				
August	9 7 6	8 7 6	10 7 6	9 7 6
September	9 5 0	8 5 0	10 5 0	9 5 0
October	9 5 0	7 17 6	10 5 0	8 12 6
November	9 5 0	7 17 6	10 5 0	8 10 0
December	9 7 6	7 17 6	10 7 6	8 10 0
1923.				
January	9 12 6	8 7 6	10 12 6	9 0 0
February	10 7 6	Not obtainable.	11 7 6	Not obtainable.
March	11 3 6	Do.	12 3 6	Do.
April	11 3 6	Do.	12 3 6	Do.
May	10 17 6	Do.	11 17 6	Do.
June	10 10 0	Do.	11 10 0	Do.
July	10 5 0	Do.	11 5 0	Do.
August	9 17 6	8 17 6	10 17 6	9 12 6
September	9 17 6	9 0 0	10 17 6	9 12 6
October	9 15 0	9 5 0	10 15 0	10 0 0

Oral evidence of Major G. C. RICHARDSON, D.S.O., M.C., representing Messrs. Richardson and Cruddas recorded at Bombay on the 21st November 1923.

President.—You have come to-day to give evidence on behalf of Messrs. Richardson and Cruddas? It is an old established firm in Bombay?

Major Richardson.—Yes. My grandfather started it in 1858. It was originally not Messrs. Richardson and Cruddas. It has gone under various names but still it is the same firm that is going on since then.

President.—The general position that you take up as regards protection is that you think it is important that the manufacture of steel in India should continue, and that, such assistance that is necessary, should be given by Government to secure that end?

Major Richardson.—Yes.

President.—But your firm are of opinion that protection should not be given in the form of import duties but rather in the form of bounties or guarantee of Government orders?

Major Richardson.—That is right. It may be necessary, we quite realise, to give some small assistance in the form of an import duty. When we say that we are against import duties we realise that it may be necessary to give some. We are, however, against such a large import duty as 33⅓ per cent.

President.—The reason being that the effect of a high import duty does not stop with steel but is carried forward from one product to another, and therefore you would prefer that the amount of assistance given in the form of higher import duties should be limited as far as possible and that the rest should take the other form which you have mentioned?

Major Richardson.—Yes.

President.—In your original letter,[*] dated the 9th August, there is one point I want to ask you about. You say "It is probable that for some years to come anyhow it will be impossible for the Indian Iron and Steel industry to compete on level terms with European production and evidence of this was conclusive immediately prior to the war." I am not quite sure what is in your mind as to the evidence immediately prior to the war.

Major Richardson.—We understood that prior to the war Tata's found great difficulty in making both ends meet and it is generally said in India, so far as I have heard, that if there had been no war they would have had to close down altogether. Something of the sort was generally said.

President.—The members of the Board have also heard similar statements made and, assuming that it was so, there would be this difference. Before the war they had only been manufacturing steel for about two years and now they have been making steel for about 12 years. So the pre-war evidence is hardly conclusive.

Major Richardson.—No. I see the point.

President.—That is to say, it was so soon after the commencement of manufacture that it is really rather hard to say that it demonstrates anything. That evidence, so far as it goes, does not carry one very far.

Major Richardson.—Yes. That is true.

President.—Turning to your answers[†] to the questionnaire issued by the Board you say that protection would certainly adversely affect the operations of your firm, as it would tend to put the monopoly for the supply of iron and steel into the hands of a very small number of Indian makers....... You are looking forward to a time when one or two other firms will enter the manufacture of steel. It is not the immediate result that you are contemplating?

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[*] Statement I.

[†] Statement II.

Major Richardson.—No. We shall have greater difficulty in getting our stuff eventually as I understand there are possibly some four or five people coming in. The number would be small and there won't be much competition and there will be a tendency to keep prices up.

President.—On the other hand, there is just this aspect of the case to be pointed out. Of course it has often been said that once protective duties are put on it is very difficult to get them off again. There is no doubt a good deal of evidence in other countries to support this view, but still what the Fiscal Commission have laid down is that protection should be given only to industries which have natural advantages which will enable them eventually to hold their own without assistance. Assuming that the steel industry satisfies these conditions, and assuming that after a period of 20 or 25 years—it is very difficult to say what the period might be—the industry was firmly established, well then, presumably the duties would go off and they would adjust cost to the world price.

Major Richardson.—It will be difficult to say how to get these duties off. If there was a bigger competition of makers, it might be easier to break up the monopoly but, if there are only a very small number for many years to come, it is going to be extraordinarily difficult to get these prices down, and it is difficult to understand what the prospects of the industry are. It is so much to their interest to keep prices up and it is human nature in the circumstances that they will try to keep them up.

President.—Perfectly. I take it that it is inevitable that there can never be more than a few makers of raw steel in India, looking as far ahead as one can possibly do. What I have in my mind is the capacity of the country itself for consuming steel and I should like to have your opinion about it. Of course, in a country like America there are a very large number of steel makers, and conversely there is an enormous consumption of steel. At present India's demand is something in the neighbourhood of a million tons a year. Do you think that India's demand for steel is likely to increase very considerably?

Major Richardson.—It is likely to increase, but the growth will be very gradual.

President.—Then of course the question arises whether, unless India becomes an exporting country, there is not a pretty rigid limit to the total amount of steel that could be manufactured here. We have been told in steel manufacture, you cannot manufacture economically except on a large scale, and that a production of 400,000 tons, which is what the Tata Iron and Steel Company expect to get, is not much above the minimum. Messrs. Bird and Co. in putting evidence before us on behalf of the United Steel Corporation of Asia, said that they proposed to start with 140,000 tons and that their full scheme was for 450,000 tons.

Major Richardson.—It is much the same as Tata's.

President.—If there were three firms operating on that scale they would be able to provide for the whole of the existing demand and would have a surplus to meet an increase in consumption.

Major Richardson.—The argument that you are putting forward is rather against protection.

President.—It may be for it or against it.

Major Richardson.—It seems to me that they are very strong arguments against the proposed protection at all. If the country cannot absorb any vast quantity of material and three or four firms could supply the total requirements. . . .

President.—I have been putting it before you in order to ascertain what your view about it is.

Major Richardson.—I think what you say is perfectly true. I think that the country will not be able to absorb any vast quantity of steel in the next five years. The demand is going to increase gradually and it will be at least 20 years before there is any very appreciable increase in demand. I cannot see where it is to come from.

President.—That is to say, it would come with the gradual increase in the prosperity of the country. It would be closely bound up with the general prosperity and industrial development of the country?

Major Richardson.—Yes.

President.—You say in the next paragraph "We have made purchases of iron and steel in India for years but have frequently found ourselves unable to obtain supply of our needs." But during the war, I take it, you purchased a good deal from the Tata Company?

Major Richardson.—We got very little from Tata's during the war. I was in the army. Most of our work during the war was Government work. We were suppliers of various things to Mesopotamia, in connection with munitions work, and in most cases Government supplied the material and we did the work.

President.—Since the war have you been purchasing steel from Tatas at all?

Major Richardson.—In small quantities.

President.—Can you get steel more quickly from Jamshedpur than by importing?

Major Richardson.—Yes. We have always been on friendly terms with Tatas and we do not want to stop it. They keep large stocks at Jamshedpur and we very frequently want certain sections in a hurry and we wire to them and get them.

President.—Have they been supplying to you promptly?

Major Richardson.—Yes.

President.—The real question is how far, under existing conditions, Tatas can compete on the Bombay side with imported steel?

Major Richardson.—They have got a very long railway lead against them.

President.—What is your view about that?

Major Richardson.—I do not see how they are going to compete, particularly as against Continental steel. Unless you are going to put a duty of something like 50 per cent., I do not see how the importation of Continental steel can be stopped. Even though the freight that Tatas have got to pay is only Rs. 17 a ton, which is a special freight.

President.—I think it is Rs. 15-12-0 a ton.

Major Richardson.—Rs. 16 is a big addition. In the case of Bombay it would be 10 per cent. roughly on the cost.

President.—Then you say "the larger sections of steel beams, round bars, etc., are not rolled in this country at all."

Major Richardson.—They are not at present.

President.—Then you say "we should therefore still be compelled to buy a very large quantity of our raw iron and steel in Europe and pay the extra duty." Is not that consequence inevitable to a large extent under any system of protection unless the duties are made absolutely prohibitive?

Major Richardson.—It is, to some extent, but it is rather exaggerated. If there were *half a dozen makers* who were prepared to expand if they got protection, they would be able to compete with outside competition very much quicker than is the case with only one maker.

President.—That is to say, in the first place, there will be certain sections which Tata's will not roll at all, and in addition they will not be able to supply all the sections required in the country simply because it would not pay them to roll a great variety of sections. That is the point you want to draw attention to?

Major Richardson.—Yes.

President.—You say "we should still be compelled to buy a large quantity in Europe and pay the extra duty." But you would pay the extra duty really just as much on the Indian manufactured stuff.

Major Richardson.—What I mean to say is that we object to pay the extra price on the stuff which Tata's cannot supply us even if we asked them. It would go into the pocket of Government but not to Tata's.

***President.*—But still there is the satisfaction of an increase in the Government revenue?**

Major Richardson.—Yes.

President.—You say "Further, the shortage of rolling stock on the railways makes it very difficult for us to send away our fabricated steel from our works to the erection site, and this would become doubly difficult if the steel has to be first brought here by rail in the raw." I am not quite sure that I fully understand that.

Major Richardson.—My meaning is that we do have, and have had for the last two or three years, great difficulty in getting our stuff off from here. Frequently the railways did not give us wagons and we have had trouble with Railways. If in addition to sending our finished article away we have also to get our raw material through the Railways, it seems to me that the congestion on the Railways is going to be very much worse. Since I wrote this letter to the Board I have talked this matter over with some Railway people here. They say of course that the raw material coming in would bring trucks to Bombay and the same trucks would take away the finished material. This is not an entirely sound argument though there is certain amount of truth in it.

President.—After all, does not it come to this. Supposing as a result of the protection you get about 40 per cent. of the raw material from Tata's and continue to import the rest. Would you have more difficulty in getting Tata's steel away by rail than you would if it were imported by sea?

Major Richardson.—I think we should, under the present conditions. The amount of Railway rolling stock going now is extremely limited. I can give you an example as far as coke is concerned. We always imported our coke from England or the Continent. For the last three or four years we have been getting as much coke as we can from Calcutta from the coal mines there, but our whole difficulty now is how to get it. We make contracts at reasonable prices but it is only once in 3 or 4 months that we can get it owing to transport difficulties, and with that before us we are still more frightened over the idea of the plight of our steel.

President.—You might be compelled to import foreign steel even though it was a little higher in price because you could get it soon. That is the difficulty you apprehend?

Major Richardson.—Yes.

President.—Going on now to the second question, you say that "the principal products are constructional steel of all kinds and smith and machine shop work, bridges, buildings, tanks and trestles, well-curbs, etc." We have been trying, as far as we can, to get from the representatives of engineering firms a list at any rate of the principal articles that they manufacture, because it is important for our purposes to ascertain just exactly how different products would be affected by a protective duty on steel. They will all require consideration in connection with any revision of the tariff that might be proposed. In answer to question 4—what proportion does the cost of the steel bear in the case of each product to the total cost of the finished article—you say "approximately 75 per cent."

Major Richardson.—I want to correct that item. It is a mistake and it should be 50 per cent.

President.—Is that about the average?

Major Richardson.—Yes. I had intended to correct it before the letter was sent out but it was little too late. The average is somewhere about 50 per cent. It varies from 40 to 65 per cent.

President.—Take bridges or tanks, for instance; do they depart in particular cases very widely from the average?

Major Richardson.—No.

President.—You think that the range of 40 to 65 per cent. would cover most of the things you manufacture?

Major Richardson.—It would practically cover all the things. There may be one or two articles in which the proportion may be different but their value is very small.

President.—Are there any other articles you make which you think it would be worth while to mention specifically as being important articles that you manufacture?

Major Richardson.—We cover an enormous range and it is an almost unlimited list that covers everything.

President.—That is to say, you are not, so to speak, manufacturing some particular classes of articles. You are ready to take orders for anything that comes under the definition of engineering?

Major Richardson.—Yes.

President.—But do you manufacture any articles in which the proportion of cast iron is a good deal more important than steel?

Major Richardson.—No. I cannot think of anything at the moment.

President.—It is mainly steel?

Major Richardson.—We do a lot of castings work.

President.—Is it mainly castings for machinery, etc.?

Major Richardson.—Machine bases and so on, but I cannot think of any article we manufacture in large quantities where cast iron is more important than steel.

President.—I was thinking of manufactured articles composed partly of cast iron and partly of steel.

Major Richardson.—We do a very large quantity; it did not strike me then. We make a lot of mortar mills: they are cast iron and steel about half and half. I would *not* say that mortar mills make a very large percentage of our total output but it is an article which we manufacture in fairly large quantities.

President.—In the present tariff are they classified under machinery for import purposes? Under what item of the tariff would they come?

Major Richardson.—I do not know: I should imagine as machinery. They are power-driven.

President.—Taking another point about them, is there any foreign competition as regards this? Are the local manufacturers practically holding the market there?

Major Richardson.—As far as I know I would not like to answer. I have never thought of it from that point of view.

President.—At any rate it is not one of the things in which foreign competition has come to your notice?

Major Richardson.—No.

President.—In your answer to question (3) you have mentioned in the things that you require for the manufacture "pig iron and blooms." Could you give us the quantity of blooms apart from pig iron that you require annually?

Major Richardson.—It certainly is not more than 100 tons.

President.—Is it for some special purpose that you want it?

Major Richardson.—We are using it in the blacksmith's shop for making crank shafts, forgings and things of that kind.

President.—As far as I remember, Tatas do not propose to sell blooms on a large scale. They do not propose to make a business of it and they do not suggest that any duty should be put on blooms. When you get them, you get them from the Tata Co.?

Major Richardson.—Practically always. I cannot remember whether we imported any.

President.—I notice that in your merchant business you use almost as large quantities as in your manufactures.

Major Richardson.—Yes.

President.—Taking the steel beams that you import and sell—where do they go to: who are your principal customers at any rate for that kind of goods?

Major Richardson.—It would be difficult to say who are the principal customers. The Railways buy some; every week we are selling some beams to the

Railways; the Government departments are purchasers of beams and we sell a large number to local merchants. Some of them go up-country and are used in buildings of some sort by contractors putting up buildings.

President.—Who are your principal customers for corrugated sheets?

Major Richardson.—They are mostly contractors.

President.—I am thinking entirely of the merchant business. In this Presidency for what purposes are these used chiefly?

Major Richardson.—For roofing purposes and for small shops.

President.—Would that be used in factories?

Major Richardson.—They are very largely used in factories, sheds, etc. The railways also purchase for us and then use them for their sidings, stations and so on.

President.—We had some evidence on that subject in Calcutta, and we were told by an importing firm that they imported a large quantity of corrugated sheets for roofs of houses in Eastern Bengal, and I was wondering to what extent the same thing occurred in Bombay.

Major Richardson.—Unless you had suggested it I should not say that it is used at all. I don't think it is ever used in the form in which we sell them for houses.

President.—What is the principal market for the steel plates which you sell in your merchant business?

Major Richardson.—They go to the Railways, Government departments; small contractors buy them from us, then there are the boilermakers and so on.

President.—In answer to question 5 "What is the approximate Indian consumption of each product, and what proportion of that consumption is (*a*) imported or (*b*) manufactured in India," you think that of the kind of things you manufacture about 80 per cent. is imported and about 20 per cent. manufactured in India. I was not quite sure from what point of view you were giving us these figures. What the Board really had in mind was, taking India as a whole—let us take tanks, for instance, for the present—what was the approximate requirement of India in the way of tanks, how much of it is imported and how much is made in this country. That was in our mind. It is rather a difficult question but I wanted to be quite sure just exactly what your figure meant.

Major Richardson.—What is the approximate Indian consumption of each product, that is what you want to know? It is a thing which we have got no means of telling, it is a very difficult question to answer. I gathered that you wanted to know what we thought to be the amount of these different products which are manufactured and imported, and what percentages were manufactured.

President.—These percentages refer to your raw materials?

Major Richardson.—These percentages refer to our raw materials of which 80 per cent. were imported. I am afraid I do not quite follow the question.

President.—What, I think, we had in our mind was—take a definite manufacture of a particular kind of thing like tinplate. What we should like to know would be—what is the Indian consumption of tinplate, how much of it is imported and how much is manufactured in India. That is of course all right as regards the manufacture of a particular article, but I fully admit it is difficult to answer in the case of the engineering industry.

Major Richardson.—The figures we have given simply represent the amount of steel we import and how much is ordered in the country.

President.—Does it refer only to steel?

Major Richardson.—Steel and iron.

President.—Do you import any pig iron?

Major Richardson.—No, it is all Indian.

President.—So that goes a long way in making up the 20 per cent.?

Major Richardson.—Yes. In the last two years we have only obtained something like 1,000 tons approximately of steel from the Tata Co. The reason is that we can not get more from the Tata Co. They have been so busy with rails during the last few years that it was impossible to get them. We have written to them asking whether they can supply so much of certain sections and they said

"No." We asked them "Can you tell us when you are likely to do so" : they wrote back to say ' It is impossible for us to say when we would be able to supply, we are so busy." That has been the case during the last few years. Tata's them selves have admitted that. We have always had running contracts and they never pressed us to use them up because they knew they could not supply if we had asked them.

President.—This 300 tons that you sent to Mesopotamia and Persia, is it fabricated steel or part of your merchant business?

Major Richardson.—It was all manufactured. 300 tons is rather an outside figure. It is only a small amount that we do export.

President.—Is that a Government order?

Major Richardson.—Yes, almost entirely.

President.—That is to say, it is always, so to speak, a special order; it is not a regular supply?

Major Richardson.—It is always a special order.

President.—In answer to question 7 you say—

> Government Departments—P. W. D., etc.
> Railways.
> Mills.
> Military authorities.
> Municipal authorities and Local Governments.
> Indian States.

Distinguishing for the moment those consumers which are Government or public bodies, it is the mills which are your principal consumers?

Major Richardson.—Yes.

President.—Do you do a good deal of structural work for the mills?

Major Richardson.—Yes, a good deal.

President.—And apart from that, I take it that the business received from Government and public authorities preponderates a great deal?

Major Richardson.—Yes, but the mills are our biggest customers, or at least have been in the past years.

President.—Taking the mills and other private consumers on one side and Government and other public authorities on the other—which would have the larger proportion of your business?

Major Richardson.—At the present moment—in the last year, I should say, Government and public bodies, because the mills have not been expanding. If you ask me what happened in 1920-21 I should say the mills. It depends entirely on how business is going on

President.—It all depends on industrial prosperity. At one time the mill demand is the biggest and at other times you depend largely on orders from Government and public bodies?

Major Richardson.—Yes, that is right.

President.—In answer to question 9 you say that foreign competition in the Indian market is confined to fabricated material. I am not sure that I quite understand that. Looking back again to the answer to question 2, that would cover tanks, bridges, trestles and so on. Anything of that kind is fabrication work?

Major Richardson.—Yes.

President.—From some of the Calcutta firms we were able to obtain definite figures to show to what extent the foreign competition had become more severe and it is just possible that you could give us figures, say, for bridge work of a particular kind so that we can compare them.

Major Richardson.—I am sorry I cannot give you definite figures. It is very difficult to get accurate figures.

Mr. Ginwala.—Can you not give us a case in which you tendered for, say, a bridge, but the tender was not accepted and it was given to a foreign manufacturer?

Major Richardson.—I could not give it straight away. I could look it up and let you have it if you want.

Mr. Ginwala.—The point is this: we really want to find out whether you are handicapped in any way by this foreign competition. One of the ways of showing that would be that you take a particular item of contract—a bridge or anything else—for which you tendered. Then give us the rate at which you tendered and the manner in which you worked out your tender. Then you will show the tender went to somebody else who tendered for so much less, and you can work out as far as possible the price at which he tendered. It will enable us to see how far you are handicapped.

Major Richardson.—I will try to get you some figures.*

Mr. Ginwala.—Take the principal activities in which you have to meet foreign competition, say bridges for instance.

Major Richardson.—I can tell you in a general way that we are always up against competition from Home. We are up against the Home competitors at the present moment on two mills. We know that Messrs. Dorman Long and Co. and others are competing, and we know that it is going to be a cut job. And that competition is naturally increasing owing to the trade depression all over the world and everybody is trying to extend the market and looking all over the world to keep their business going. In normal times, when business was flourishing, they would be more concerned in their own country and leave other countries alone.

President.—Are you in a position to say that competition has recently been keener in respect of certain products rather than in others? Would you say that in the case of buildings you have to face greater competition, or in bridges and so on?

Major Richardson.—It is the same in any form of structural work.

President.—Equally so in the case of tanks?

Major Richardson.—Yes. In the case of tanks there has been very great competition. This has increased enormously. We used to have a large business up to a year ago in cast iron tanks. Last year we had only 3 or 4 orders because pressed steel tanks are coming in very largely.

President.—You think that competition is severe all along the line?

Major Richardson.—Yes, I don't think it will be possible to pick out a particular item and say that in this there is more competition.

President.—In answer to question 10 you say "Yes, we consider that the duty upon material of iron and steel, upon which work of any kind has been done, such as holding, rivetting, casting, etc., should be increased so as to guard Indian workshops such as our own against this foreign competition." This is on the basis that duties on raw steel are to remain as they are?

Major Richardson.—Yes.

President.—Would not that have precisely the effect that you deprecate, that is to say, the increased cost would be passed on to all the industries in the country.

Major Richardson.—I don't think it would, because the two cases are not side by side in the engineering industry. There are a very large number of well established engineering firms in India and competition is very keen. I don't believe that if you put up the import duty on fabricated steel to 33⅓ per cent. or any other duty, it would have any appreciable effect on the price of steel manufactured in this country.

President.—Then what good would it do?

Major Richardson.—It would only have this effect that more steel would be manufactured in this country and instead of Government and everybody else going to England for bridge-building material, they would come to us so as not to have to pay the tariff.

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* Statement III(1).

President.—Taking all the engineering firms in India together, could you give us any estimate of the proportion of the total demand of the country that they are in a position to meet at present?

Major Richardson.—I could not. We know we ourselves are capable of expansion to the extent of 25 per cent. or more, and beyond that it is an impossible question to answer because we all would be prepared, if the business was there, to expand and take on more, much in the same way as the Tata Co. are going to.

President.—Supposing at the present moment Indian firms could not possibly do more than 20 per cent. of the total requirements?

Major Richardson.—I would not guarantee these figures at all. I should have thought it was more than that.

President.—Let us take 20 per cent. as a hypothetical figure. At any rate for a considerable number of years on the 80 per cent. of steel which will have to be imported a higher price would have to be paid?

Major Richardson.—Yes.

President.—And surely that would bring up the charge of the engineering firms themselves?

Major Richardson.—I don't think it would. You will have competition.

President.—Competition does not really begin to be effective unless the competitors pretty well cover the whole market. Competition would still be between the Indian manufacturer and the foreign manufacturer, but on a higher level.

Major Richardson.—I was talking about competition as between, say, Bombay and Calcutta—between ourselves and Burn and Co. Competition is so keen at present that I do not think any increase in the duty on imported fabricated steel would make any difference. We cannot put our prices up.

President.—It would make this difference if, instead of competing with Burn and Co. in Calcutta, on the boundaries of your territory, so to speak, and in the United Provinces—if instead of that, you got a much bigger market in Bombay as a result of the foreign imports being shut out, you would not have to go there at all.

Major Richardson.—It might have that result.

President.—That is a point to be taken into consideration. It does not seem to me that at least for the first 5 years internal competition would be sufficient to regulate the prices: it might be in the case of particular things, but speaking generally, taking, for instance, the mill work, no firm except a Bombay firm really can compete as regards the mill work.

Major Richardson.—You would be surprised to hear of the amount of competition that comes from Calcutta. During the last 18 months there has been very close competition.

President.—That may be because they have been losing ground in their own market owing to intense competition.

Major Richardson.—That is quite possible.

President.—Then you suggest "Assistance given in this direction would indirectly help the Indian iron and steel industries as it would encourage us to buy more largely from them, as more fabricating would be done in the country than is the case at present." You would still want to buy in the cheapest market, would you not?

Major Richardson.—We would still like to buy a certain amount from the Tata Co. We constantly require certain sections which we buy locally, and the more work we have in hand the more we shall have to buy.

President.—To that extent only, not on a very large scale. After all, you, like everybody else, would like to buy your things cheap.

Major Richardson.—We would naturally want to buy in the cheapest market.

President.—A firm that followed any other course would not last long.

Major Richardson.—That is right. But any increase in the manufacture of steel in this country means more assistance to Tatas than anything else.

President.—I quite see your point. The more steel is fabricated in India, the greater will be the demand for raw steel manufacture in India.

Major Richardson.—Yes.

President.—One point that I would like to draw attention to is this. It arises in connection with your contention that the fabricating industry requires protection at present. One of the conditions the Fiscal Commission laid down is that "The industry must be one which will eventually be able to face world competition without protection." The Tata Iron & Steel Co. urge that they will eventually be able to do so, but cannot at present because they have not overcome the difficulties of the early stages. But in the case of the engineering industry might it not be argued that it has already been in existence for a sufficiently long time to overcome its initial difficulties. That is to say, will it ever be in a better position to compete than it is now?

Major Richardson.—I think it would. Indian engineers are coming out in the last few years very much more rapidly than they did before, and I think that in time one will be able to start with a staff very largely composed of Indians.

President.—I see your point. It was not so much on that aspect of the case—what I was thinking of was mainly the question of cost.

Major Richardson.—It is obviously cheaper for an Indian to live in his own country than a European.

President.—That is to say, when the industry is manned by Indians the cost of production must naturally become lower. But apart from that question of being able to replace your imported skilled labour by indigenous labour which would no doubt mean a saving, apart from that, do you think the egineering business in India will be in a better position later on to meet foreign competition than it is now?

Major Richardson.—I think it will in other ways. It is extremely difficult to get Indian labour to take on new machinery and any form of innovation they hate, and it is naturally very gradually that one is able to introduce new machinery into this work as one is able to educate the Indian labour. At present we are bound to use a lot of old fashioned machinery because we cannot get people to work the other stuff.

President.—In so far as it is a permanent habit of mind in your labour, it is a difficulty that constantly recurs?

Major Richardson.—It is a difficulty that is gradually being eradicated.

President.—That is what I want to get at. Have you found that during the last 20 years your labour has become less conservative?

Major Richardson.—From what I have heard—I have only been in the business for four years—I think that there has been a considerable improvement in that line.

President.—From what you told us a few minutes ago, I gathered that if an extra 10 per cent. duty was put on raw steel and on the basis of the 50 per cent. average you gave us, if the duty on the fabricated steel was raised by 5 per cent. that would leave you pretty much as you are at present.

Major Richardson.—If the duty on the fabricated steel were put up by 5 per cent?

President.—That is to say, the extra duty of 10 per cent. on your raw materials would raise your costs by 5 per cent. Therefore, if the duty on the fabricated steel were raised to 10 per cent. also, it would to the extent of 5 per cent. be protection for the fabrication as distinguished from merely the compensating duty which compensates the increased price of your raw materials.

Major Richardson.—I suppose in theory it is right, but I do not know whether in practice it is absolutely right.

President.—We want to know first of all, supposing an additional duty of any percentage is put on raw steel, what additional duty is required on the fabricated steel to leave you just as you are at present. That is why we wanted to get that figure of the percentage of the cost of steel to the cost of the finished product. Of course there is still the question as to whether in all the circumstances the duty on the fabricated steel should not, as you claim, be at least as high as on the raw material. But in that case it would be necessary for the Board in its report to make it clear to what extent this is going to operate as protection actually to the engineering industry as distinct from the initial protection given to the manufacture of raw steel.

Major Richardson.—To what extent your putting up the duty on fabricated steel was going to benefit the engineering industry?

President.—That is to say, supposing the proposal was this. The duty is raised to 20 per cent. in both cases. What the Board would like to say is that the effect of this will be that part of that increase on the fabricated steel would be eaten up by the compensating protection which merely leaves them as they are in view of the higher prices they have to pay for their raw materials, and that part of it is definitely increased protection given to them. It is rather important that we should be able as nearly as possible to indicate that. Do you think that your 50 per cent. proportion is about right from that point of view?

Major Richardson.—I should like to go into that a bit more carefully. Our 50 per cent. representing the proportion of the cost of the steel to the cost of the finished product is about right, but I should like to think it over because this is the first time that it is put to me.

President.—We want to know exactly what we are doing. If we make a certain proposal, we must be able, as far as it is possible, to tell what its effect is going to be.

Major Richardson.—I should like to think it over.

President.—We shall be grateful if you will. On going through it if you find that there are certain articles in which this 50 per cent. proportion is markedly wrong, then draw our attention to those things.* We might have to deal with them specially.

Major Richardson.—Yes.

President.—Do your firm make steel castings at all?

Major Richardson.—No.

President.—They are not of any importance to you at all.

Major Richardson.—No. We have got a certain number of steel castings, but we have never gone into that. It is negligible.

President.—It is not important? It is a minor thing?

Major Richardson.—It is not at all important.

President.—You don't make boats or launches, do you?

Major Richardson.—We did, during the war, make a large number of barges for Mesopotamia. Last year also we made some.

President.—It is not an important item?

Major Richardson.—No.

Mr. Ginwala.—Your firm is a very old firm in Bombay, is it not?

Major Richardson.—Yes.

Mr. Ginwala.—It goes back to 60 years or so?

Major Richardson.—58.

Mr. Ginwala.—Your firm is a member of the Indian Engineering Association?

Major Richardson.—Yes.

Mr. Ginwala.—Have you seen the representation that they sent us?

Major Richardson.—I have seen their letters. I have got them here.

Mr. Ginwala.—Did you follow the evidence that they gave before us?

Major Richardson.—I have got that here.

Mr. Ginwala.—Are you in general agreement with them so far as the engineering industry is concerned?

Major Richardson.—Yes.

Mr. Ginwala.—Of course they more or less took the same attitude as yourself in some ways; in other ways they took a different attitude. So far as protection of steel is concerned, I take it that your views are in agreement with theirs?

Major Richardson.—Yes.

Mr. Ginwala.—You say that steel ought to be protected, but you don't think that it ought to get 33⅓ per cent.?

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* See Statement III(2).

Major Richardson.—I could not really express an opinion. I have only been in the business for four years.

Mr. Ginwala.—During the last four years, it has been very bad?

Major Richardson.—Yes, bad in the sense that there have been fluctuations.

Mr. Mather.—Was it bad in 1920?

Major Richardson.—Not so bad.

Mr. Mather.—Does it not amplify Mr. Ginwala's point?

Major Richardson.—It does, but I would not like to express any opinion.

Mr. Ginwala.—That would seem to be the tendency?

Major Richardson.—I think so.

Mr. Ginwala.—As regards the fabricated steel, would it cost you more if it came as fabricated?

Major Richardson.—I don't quite follow you.

Mr. Ginwala.—Take the case of beams. If they came in, in an unfabricated form, there would not be holes. If they came with holes, would they cost you more than if they came without holes? Would there be any appreciable difference between the two?

Major Richardson.—Put a hole in each of the beams and get round the customs duty. I have to pay only for the holing. Beyond that there would not be an increase in the home price.

Mr. Ginwala.—Supposing there is an *ad valorem* duty of 33⅓ per cent. on steel. If there was a substantial difference between the price of fabricated steel and unfabricated steel, the 33⅓ per cent. duty would imply in the case of fabricated steel a higher duty than in the case of unfabricated steel.

Major Richardson.—There must be. You have got the extra work on.

Mr. Ginwala.—We have been told that as a matter of fact there is not very much difference.

Major Richardson.—I am not quite sure what it is you are getting at. I have heard it put that, if you put up the duty on the raw material only and if you want to get round the customs duty, you can send your order home, put a hole in the beams and get them as fabricated materials.

Mr. Ginwala.—Take the case of a bridgework. Suppose the cost of fabricated steel is £12 The duty of 33⅓ per cent. on that would amount to £4. The cost of unfabricated steel for the same bridge work is, say, £9 and the duty on it at the same rate would amount to £3. So when you get the unfabricated steel, you are better off by £1. Does this difference of £1 really help you in practice?

Major Richardson.—Certainly it does help.

Mr. Ginwala.—In actual practice the difference between the prices of fabricated and unfabricated steel may not be £3. It may be only a few shillings.

Major Richardson.—I don't think that the difference would be great anyhow. You have introduced a new thing and I should like to think it over.

Mr. Ginwala.—By putting on an *ad valorem* duty, would the fabricated steel be better off?

Major Richardson.—Yes.

Mr. Ginwala.—Have you been importing much steel for the last two years?

Major Richardson.—Yes.

Mr. Ginwala.—Would you mind giving us your c.i.f. prices of the principal kinds of steel that you have imported—both fabricated and unfabricated?

Major Richardson.—Practically all the steel we imported is unfabricated. It is a raw material.

Mr. Ginwala.—Would you mind giving us your c.i.f. prices, say, for the last two years, both British and continental?

Major Richardson.—Not at all.[*]

Mr. Ginwala.—We understand that of the kind of steel that is manufactured in this country more comes from the continent than from Great Britain. Do you agree with that generally?

Major Richardson.—Yes, the whole of the bazar trade which is a very large trade indeed is Continental?

Mr. Ginwala.—What are the principal forms in which they come from the Continent?

Major Richardson.—Beams, angles, channels, bars, etc.—very much the same kind of steel as we import.

President.—Do you also import bars for your own firm?

Major Richardson.—We do.

President.—I asked you because it was not separately mentioned in your answer to question No. 3.

Major Richardson.—I have included them under angles.

Mr. Ginwala.—Will you kindly give us your prices, both British and Continental?

Mr. Richardson.—Yes [†]

Mr. Ginwala.—I think that you bought them in sterling?

Major Richardson.—We pay all in sterling.

Mr. Ginwala.—Was at any time any foreign currency mentioned?

Major Richardson.—As far as we are concerned, it is all sterling.

Mr. Ginwala.—You have got your own house in London which purchases for you?

Major Richardson.—Yes.

Mr. Ginwala.—Would you mind giving us the prices of your coke if you have imported any within the last three years?

Major Richardson.—We have not imported any. We buy hard coke for the foundry locally, when we cannot get it, from Calcutta .

Mr. Ginwala.—Do you use Bengal coal?

Major Richardson.—We use about 25 to 30 tons of coal per month in our foundry and smith shops. We are electrically driven.

Mr. Ginwala.—With regard to your labour how are you situated as to quantity?

Major Richardson.—At the present moment owing to the general trade depression we are fairly well off.

Mr. Ginwala.—Is your labour intermittent in attendance?

Major Richardson.—Very. Quite 50 per cent of our labour you may call intermittent.

Mr. Ginwala.—On your muster-roll there are more men?

Major Richardson.—Very many more.

Mr. Ginwala.—I suppose during the agricultural season you have some trouble?

Major Richardson.—Always before the monsoon and after the monsoon.

Mr. Ginwala.—When these people are away, do you still keep their names on the muster-roll or do you strike them off?

Major Richardson.—If a man has been away for a few days, we realise that he has gone and we strike off his name.

Mr. Ginwala.—Still his name will appear in that month?

Major Richardson.—Yes.

Mr. Ginwala.—As regards the skilled labour, is it satisfactory?

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[*] Appendix A to Statement III.

[†] Appendix B to Statement III.

Major Richardson.—Yes, it is improving. It is very far behind what you get in England, but it is improving.

Mr. Ginwala.—Have you noticed a gradual improvement?

Major Richardson.—Undoubtedly.

Mr. Ginwala.—I believe that your firm employs quite a large number of Indian workmen.

Major Richardson.—1500 men.

Mr. Ginwala.—Is there much European supervision?

Major Richardson.—Yes. Outside we generally have from 10 to 12 European foremen.

Mr. Ginwala.—And the rest is Indian?

Major Richardson.—Yes.

Mr. Ginwala.—In your technical department, do you have Indians?

Major Richardson.—There are Indians in the Drawing Office.

Mr. Ginwala.—We were told in Calcutta that there was a great deal of competition between the engineering firms in this country. Can there be any very great competition between you and the Calcutta firms?

Major Richardson.—There is considerable competition. Recently Jessop's have opened an office in Bombay.

Mr. Ginwala.—Then they are Bombay people?

Major Richardson.—They don't manufacture here; they manufacture in Calcutta.

Mr. Ginwala.—Do they really compete with you?

Major Richardson.—Oh yes. I know in many contracts we are tendering for we are up against Jessop's and others.

Mr. Ginwala.—For work in Bombay?

Major Richardson.—Mostly in the mofassal.

Mr. Ginwala.—Almost midway, i.e., Central Provinces?

Major Richardson.—It is coming over a bit.

Mr. Ginwala.—In that case Bombay firms ought to have an advantage over Calcutta firms.

Major Richardson.—In times of trade depression it is more a question of keeping the works going, if we can just cover our costs, rather than closing them down.

Mr. Ginwala.—I think you stated that there is so much competition amongst engineering firms that if the duty was put up, it would not make any substantial difference.

Major Richardson.—I do not think it would.

Mr. Ginwala.—Except to the extent to which the foreign manufacturer is kept out, there would not be any difference?

Major Richardson.—I do not think there would be any increase in price over the current prices. I think protection would be purely a wall which would encourage Government and other departments to place more orders in India for their requirements: it would not make any appreciable difference in prices.

Mr. Ginwala.—If there is protection to your industry, it must amount to this: that it will at least keep out foreign manufacturers. To that extent of course there is a rise.

Major Richardson.—Yes.

Mr. Ginwala.—Beyond that you say that, supposing the industry required 20 per cent. protection and we gave 20 per cent., the protection would really be 10 per cent., because there is much competition. That is what you mean, I think?

Major Richardson.—Yes.

Mr. Ginwala.—Do you use any acid steel in your works?

Major Richardson.—No.

Mr. Ginwala.—The kind of steel that you require for your purposes is the ordinary steel that is manufactured by Tata's.

Major Richardson.—Yes. We do a certain amount of tool steel which cannot be manufactured in this country. It is essential for us because we have to make a lot of our own machinery tools.

Mr. Ginwala.—With regard to the general position of the steel industry, have you studied it?

Major Richardson.—No, I am not a professor: I cannot say.

Mr. Ginwala.—I think you support it mainly on national grounds?

Major Richardson.—Yes.

Mr. Ginwala.—You are in favour of protection to the industry because it is important for national purposes, that is to say, apart from the other conditions which have been laid down by the Fiscal Commission.

Major Richardson.—I think I am taking all into consideration but largely the point of view that every country must encourage its own industries and particularly its mineral wealth, and India, I quite agree, should do the same.

Mr. Ginwala.—That is what I wished to know. You cannot tell me what actually happened during the war in that respect.

Major Richardson.—I cannot say: I was in the Army during the war.

Mr. Ginwala.—Do you manufacture trollies?

Major Richardson.—Yes, to a certain extent.

Mr. Ginwala.—What are they for?

Major Richardson.—For road work. They are used for taking heavy steel and in workshops. We do not make anything for the use of railways. The only sort that we manufacture are the trollies which we use on the road for carrying heavy material and in workshops for moving heavy material from one place to another, but not those that are used by Railways.

Mr. Ginwala.—You don't use any special kind of steel for these trollies?

Major Richardson.—No.

Mr. Ginwala.—You have stated somewhere that the steel industry got certain orders at certain prices for rails. What is your own experience in your business? Supposing there is a little difference between your tender and the foreign tender, is your tender accepted?

Major Richardson.—There never has been any proof. The general feeling is that it is not.

Mr. Ginwala.—That happens particularly, I take it, when the business is in a state of depression more often than not?

Major Richardson.—Yes.

Mr. Ginwala.—You suggest that, so far as the local industries are concerned, they ought to have preference even if the prices are slightly higher?

Major Richardson.—Yes.

Mr. Ginwala.—Do you do much work for public bodies, such as, the Port Commissioners or the Trusts and the Corporation here?

Major Richardson.—Yes.

Mr. Ginwala.—Do you generally get orders?

Major Richardson.—Not generally.

Mr. Ginwala.—What is the reason, is it unfavourable quotation or what?

Major Richardson.—There is always very keen competition. I am not talking of competition in this country but of competition abroad. They import a good deal of their stuff. We are constantly tendering for Improvement Trust, Port Trust and municipalities, but the amount of work we get is comparatively small mostly because a great deal of it goes out of the country. I mean to say, that the local engineering firms ought to get more from these public bodies than they do get.

Mr. Ginwala.—Yes. What are your principal forms of castings?

Major Richardson.—We do pipes specially. We are not pipe makers but we make what are called pipe specials, certain bends, reducing pipes and so on These we are constantly casting. I cannot think of anything special. We cast all sorts of platform machinery.

Mr. Ginwala.—Is there any standard machinery that you make?

Major Richardson.—None.

Mr. Ginwala.—You use principally pig manufactured in India, I understood you to say?

Major Richardson.—For the last two years, entirely.

Mr. Ginwala.—You get the kind of pig that you want?

Major Richardson.—Yes. There is no complaint at all.

Mr. Kale.—I want to ask you one or two general questions. I take it that the kind of engineering work that your firm does is very useful in the general economic development of the country because that work helps in the development of industries?

Major Richardson.—Yes.

Mr. Kale.—But the problem we are up against now is this, that while this kind of work is very useful and must be encouraged at all costs, it has been discovered that it is very essential from the point of view of national defence and so forth to encourage the manufacture of your raw material, namely steel, in this country. While, therefore, all people are agreed that it will be undesirable to increase unnecessarily the cost of your raw material, something has got to be done to encourage the manufacture of steel also. So the question is how to reconcile these two essential and important interests. We do want the engineering works because, I believe, you will agree, that the more work that is done in the country on fabricated steel and iron the better for the country.

Major Richardson.—That is true. Instead of allowing the raw material to go out of the country for fabrication you can do it here.

Mr. Kale.—Because it means that more wages and more profits remain in the country and it leads to the prosperity of the people. For the advance of the country it may be necessary, at the same time, to have steel works in the country itself and how to reconcile these two things is the problem which faces the Government now. You favour a small measure of protection in some particular way. You are not thus opposed to protection as such, but, if it is found that the amount of protection that is required is such as will raise the price of your raw materials, then what will you say to that? If the steel industry is to survive, it may be necessary to impose a duty of say 20 per cent. Now that duty of 20 per cent. may raise the price of your raw materials.

Major Richardson.—Yes.

Mr. Kale.—In the interests of national defence we have to maintain the steel industry. Then would you consent to an increase in the price of your raw materials in such circumstances?

Major Richardson.—I cannot help it, if that is done. All we are saying is that if you are going to put up the duty on raw materials there are two essentials, Government and all Government departments must pay them also and not put the burden only on the shoulders of the industrialists, and the other is that a similar duty must be put on the manufactured material. Otherwise you are going to kill the engineering industry in India altogether, and without that the steel industry is no use to the country at all.

Mr. Kale.—If Government and the people are prepared to make the necessary sacrifice for the manufacture of steel in India, and if they are prepared to suffer from the increase in prices and if they are prepared to protect you against adverse effects of an import duty, then you will have no objection? That is my point.

Major Richardson.—If it is absolutely necessary, I have no objection from a business point of view.

Mr. Kale.—Do you anticipate that in the near future you will be able to export some of your fabricated steel to neighbouring countries?

Major Richardson.—No. I could not say so.

Mr. Kale.—You do not expect that development in the near future?

Major Richardson.—There is nowhere where they could go to really.

Mr. Kale.—No doubt a bounty is preferable to an import duty inasmuch as the import duty increases the prices all round. The difficulty in the case of the bounty, however, is that the amount of bounty that will be required to be paid may be large—say one crore—and Government may not find it very easy to get that money, especially in the hard times with which Government will be confronted in the next few years; so that in spite of the acknowledged advantage of bounties it may be necessary to impose an import duty. If you were placed in that position I think you will agree that an import duty may have to be imposed?

Major Richardson.—Yes. Presumably Government will have to pay something in bounties: they cannot put the whole thing as import duty.

President.—You mean a combination of the two. The extra money obtained by a higher import duty would go to pay a bounty, and should not go to swell the general revenues?

Major Richardson.—Yes.

Mr. Kale.—Is it your point that the industry in India should be given the benefit of the increased duty? Suppose the proceeds of the import duty increase to the extent of Rs. 5 crores and these 5 crores are not required for revenue purposes immediately, is it your point that these 5 crores should be utilised to assist the industries of the country?

Major Richardson.—If that Rs. 5 crores is realised from the steel industry, it should be given back to them in some other form.

Mr. Kale.—You said something about difficulties in Railway transport. Have you got any concrete suggestion to make to remedy them?

Major Richardson.—I am afraid I cannot assist you there.

Mr. Kale.—The Government of India have in hand a scheme of Railway expansion and improvement and so on. Do you expect that there will be some improvement in Railway facilities in the course of the next two or three years?

Major Richardson.—I certainly hope so.

Mr. Kale.—There was another point in what you said. If there is only one factory in the country producing steel, there will be a tendency for that factory to become a monopoly. In order to break down that monopoly and to allow of new steel works being started it is necessary to give adequate protection so that there is difficulty on both sides.

Major Richardson.—I do not deny that argument. I know that it is said that other steel makers are afraid to come in here at present owing to the experience of Tata's, but surely it can be equally said that seeing that this controversy has been going on for two or three years they are not such fools as to spoil the chances of getting a return by waiting to see what the result is going to be.

Mr. Kale.—If these people found that the existing industry has got some sort of protection from Government and there is a prospect of its continuing for some time, then other people would come into the industry?

Major Richardson.—Undoubtedly.

Mr. Kale.—In that way the monopoly will be broken?

Major Richardson.—Eventually. It will be a very small number and there will be a tendency for combination amongst them to put up prices.

Mr. Kale.—If this factory received protection from Government, it will be the duty of Government to see that there is no ring formed by the firms.

Major Richardson.—I do not know how they are going to stop it.

Mr. Kale.—If, for instance, a direct bounty is given, Government will have to make enquiries into the actual production cost and so on, so that in the case of bounties some sort of Government interference will be necessary and they will have to see to it that the monopoly is not abused?

Major Richardson.—As far as they can, but it is very difficult.

Mr. Ginwala.—I would like to know in what form you suggest your additional protection, apart from putting you in the same position as you are; if steel gets protection what additional protection do you want?

Major Richardson.—You want to know if raw steel gets protection what protection the engineering industry wants?

Mr. Ginwala.—There are two ways, if it is a tariff. There is the *ad valorem* duty and there is the specific duty. I would like you to give it in both these forms.

Major Richardson.—If there is an increased duty on *raw material I want to see some additional duty put on the manufactured material.*

Mr. Ginwala.—You gave 50 per cent. as the steel used in an article. First of all you want to equalise the difference that is caused to you by the additional duty imposed on it?

Major Richardson.—I want some further assistance.

Mr. Ginwala.—That is what I want to know. How much more do you want? Supposing the duty took an *ad valorem* form how much do you want for fabricated steel?

Major Richardson.—I should say at least 5 per cent. *ad valorem.*

Mr. Ginwala.—That is to say, if steel got 33⅓ per cent. you want an additional 5.

Major Richardson.—I have not had time to consider the figures.

Mr. Ginwala.—Will you please consider and then give us figures in both forms, *ad valorem* and specific. In the case of a specific duty you will have to give the price and the description and kind of steel that you want to be protected so that we may not make any mistakes.

Major Richardson.—Yes.*

Mr. Ginwala.—What is the position of the ocean freight: how does it compare with the railway freight from Calcutta to Bombay?

Major Richardson.—I really could not tell you, I am afraid.

Mr. Mather.—Does your firm do much millwright work—such as making and putting up shafts, pulleys and so on?

Major Richardson.—Yes.

Mr. Mather.—Have you used Indian steel for that or do you find it necessary to import steel for work of that kind?

Major Richardson.—All the steel so far as I know is imported. Whether it is necessary to import I really could not tell you. I can make enquiries and let you know.

Mr. Mather.—It is just possible that your firm may have some experience of using it and we would like to know that. Does your firm use much wrought iron?

Major Richardson.—Very little.

Mr. Mather.—It would not be a matter of importance to your firm as to what was done to the duty on wrought iron in consequence of the increased duty on steel?

Major Richardson.—No.

Mr. Mather.—What has been your general experience as regards the quality of Tata's steel which you had purchased for your own use?

Major Richardson.—Recently it has improved very greatly. There is not very much difference between Tata's and British steel, if any.

Mr. Mather.—On the whole you find it serves the purpose as well as the imported British steel?

Major Richardson.—There were complaints about machining at one time but that has been rectified now.

President.—We were told in Calcutta by several engineering firms that, if by an import duty the price on steel was increased, there would be a tendency to substitute other materials for steel in the case of buildings, bridges and things of that sort. Do you yourself think that would be likely on this side of India supposing the price of steel went up by 20 per cent.?

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*Statement III(4).

Major Richardson.—I think that would, in the case of the smaller buildings in the bazaars, not in the case of public buildings and so on. On the smaller buildings they undoubtedly would use timber. There is a considerable amount of timber used already in the bazaars and villages.

May I ask you one or two questions. As put forward by Government, is it the idea to increase the duty on raw material only or on both? You say "the proposed duty on steel and iron". You mean steel only or both?

President.—Primarily the question is protection in the broad sense to the manufacture of raw steel, but the Board have been asked to report to the Government the consequence of any recommendations that they may make on that point. That at once raises the whole question of the compensating protection as regards everything that is made out of steel. Once it begins to ramify our recommendations are not complete unless we deal with the engineering industries, and as far as possible we have to cover the whole ground. Therefore the question arises as to what ought to be done in the case of the products of the engineering industry in so far as these are made out of steel. I think the enquiry is limited in this sense. There is also this broader consideration. You cannot arbitrarily say "the manufactures of steel stops when you have made your bars, or when you have made your angles." You have got to consider what the effect is going to be supposing you protect raw steel, with the result that you would destroy the market for raw steel in India. All these things are inevitably bound together and that is the way in which we are trying to attack the problem.

Mr. Ginwala.—Is there any particular industry connected with steel which you had in mind when you put that question?

Major Richardson.—This is obviously the last thing we want to have the duty on raw steel increased and to leave the duty on the manufactured material as it is.

President.—The engineering industry has not been primarily referred to: it comes in as a corollary to the protection of steel. It is not the primary question.

Major Richardson.—Is it the intention that Government departments should pay whatever increased duty is put on?

President.—That question was brought to our notice repeatedly by engineering firms in Calcutta that Government departments and Railways and so on should actually pay customs in the same way as everybody else. The Board have no information as to what the intentions of the Government of India are.

Major Richardson.—You will put the view of the engineering firms?

President.—That will certainly be on the record of evidence we have taken but exactly what we will say to the Government of India when addressing them we had better not discuss.

Major Richardson.—We will only ask you to bear it in mind. It is very important to us. For the Government to say that they are going to support the industry and to waive the duty in their case would be unfair. The Board might consider that.

President.—We quite appreciate it.

Major Richardson.—Could you tell me at all what sort of notice the public will get supposing the import duty is raised?

President.—I am afraid we cannot give any answer to that for the reason that it is not in any way within our purview.

Major Richardson.—I want to know whether you would let me have a copy of the evidence of Mr. Tarlton on behalf of the Steel Corporation. Naturally we got a sketchy report in the newspapers and I want to go through the full evidence.

President.—As soon as it is printed we shall send you a copy but until that stage I do not think it will be possible to send it to you.

13 MAY 1924
BENGAL.

No. 26.

Messrs. Fairbairn, Lawson, Combe and Barbour (India), Ltd.

WRITTEN.

Statement I.—Original representation of Messrs. Bird & Co., Managing Agents, Fairbairn, Lawson, Combe and Barbour (India), Ltd., to the Tariff Board, dated 10th November 1923.

Herewith we beg to hand you our statement relating to the proposed tariff on steel showing how this would affect our business.

Copy of letter No. MD, dated 5th November 1923, from the Managing Director, Fairbairn, Lawson, Combe and Barbour (India), Ltd., Sarsatelli Foundry, Panuria P. O., Dist. Burdwan, to Messrs. Bird & Co., Calcutta.

We now beg to confirm the visit of Messrs. Wilmer and Carey with the Tariff Board, and to recapitulate the points on which a prohibitive duty on Iron and Steel would affect Makers of Textile Machinery, and consequently the cost of operating Jute Mills.

The special Steels and Irons which are at present imported are the raw material for the following principal parts:—

1. Drawing Rollers of Roving and Drawing Frames.
   A Steel is used which is extremely resistant to abrasion and fatigue.
2. Drawing Rollers and Retaining Rollers for Spinning Frames.
   Special Iron having a good resistance to crystallization.
3. Faller Steel for the Fallers of Drawing and Roving Frames.
   This is water hardening straight Carbon Steel with a very good impact test value.
4. Spindle Steel.
   This is an oil hardening Carbon Steel, practically Spring Steel.
5. Special Free Cutting Steel of proprietary brands, which is made into Studs for Gearing, Arbors, etc.
   This Steel enables us to take higher speeds and feeds and results in economy in capstan and automatic work.

All these materials are of the best and most reliable quality and are purchased by us on their performance over a great number of years (with the exception of No. 5, which is a comparatively recent invention) from an extremely limited number of English Makers who know exactly our requirements.

The making of these Steels is in many cases a trade secret and in support of this we may adduce the case of one of our English friends, who, wishing to quote for one of our requirements of special Steel, was quite unable to produce an exactly similar article, which would pass our tests, although he had as good metallurgical equipment as Sheffield could produce: and while we would prefer to use Indian made materials, if exactly similar, we fear it will be some years before the industry would care to supply such small quantities.

We therefore, naturally, do not wish to depart from the Steels whose performance is known and guaranteed, and in these Works use exclusively the same Steels, imported from England, which have given such excellent results for the English Companies.

Should a prohibitive duty be placed on these special Steels, we should be obliged to close down the departments manufacturing the finished articles, as with the existing duty on Steel, we have little or no advantage over the finished article imported from the Home Works, and any additional duty would swallow this up and make the course of importing finished parts more profitable.

Alternatively an import duty might be placed on the finished parts to compensate for the duty on the raw materials but this we do not desire, as it would ultimately affect the price of manufacturing Jute, and if the Jute Trade is to be in a prosperous condition (which implies ourselves also), it is essential that nothing should be done to increase their manufacturing costs.

We therefore desire that the special Steels used in the manufacture of Jute machinery, in view of their nature and limited quantity, should be imported duty free for at least a number of years or until the Indian Makers can supply the same article at a competitive price; so that the machinery manufacturers may have every possible chance to establish themselves.

We, also as Steel Casting manufacturers, have to import a certain quantity of special pig iron, to enable our castings to come up to British Standard Specification which any responsible customer expects to be approximated, as condition of purchase.

As in the manufacture of Machinery, our advantage over Home Makers principally consists of being able to give good delivery rather than in having lower manufacturing costs, and we also therefore desire that this raw material should be admitted duty free as the total quantity involved is small and would have no effect on the operations of the large Steel Making Firms now existing.

As regards identification of the special Steels for Customs purposes, we suggest that, in view of the fact that the tonnage imported per annum is comparatively small and the application exclusive to Jute Machinery, consignments should be admitted duty free on the certificate of a recognised English manufacturer of Jute Machinery, that the materials in question are intended for the manufacture of Jute Machinery parts only.

As the description and dimensions of these Steels are few, a schedule could be prepared setting forth the sizes and qualities to be admitted free, which would practically prevent improper evasion of the duty.

We trust that the above remarks will enable you to embody our views in your report which we believe is being submitted to the Tariff Board, and that you will be enabled to lend the weight of your support as far as practicable, to ensure that the concession outlined may have the best possible chance of being favourably considered by the authorities.

Statement II.—Estimated quantities of iron and steel required for 12 months' normal operation of the Works of Messrs. Fairbairn, Lawson, Combe and Barbour (India), Ltd., on textile machinery and spares for same.

	Tons.
(*a*) (1) Total quantities of Steel and Iron per annum	200
(2) Relative quantities of " Special Steels " Nos. 1 to 5	161¼

Details of above figure.

	Tons.
(*i*) Drawing Rollers of Drawings and Rovings	21¾
(*ii*) Drawing and Retaining Rollers of Spinnings	39¼
(*iii*) Faller Steel for Drawings and Rovings	41
(*iv*) Spindle Steel	36
(*v*) Special Free Cutting Steel for Studs (S. E. C.)	23¼
(*vi*) Bright Drawn Bars, Commercial say	38¾
	200

(*b*) Average Cost per ton of above, for 1923.

	C. I. F. Calcutta.	*Delivered Works.*
	Rs.	Rs.
(*i*)	328	375
(*ii*)	245	280
(*iii*)	400	470
(*iv*)	595	700
(*v*)	227	261

(*c*) Value of Push Bar Drawing Roller (2 heads) 9′ 8″ × 2⅛″—1 Bar.

	Rs.
Rough at Works	80
Finished price at Mill	90

(*d*) Value of Shaft of Spinning Drawing Roller (taken as 2¼ 16′ lengths of 1·11/16″ W. I. Bar).

	Rs.
Rough at Works	88
Finished price at Mill	360 (80 bosses at Rs. 4-8 per boss).

	Rs.	A.	P.
(*e*) Value of Push Bar Drawing Frame 2 heads, complete delivered Mill	3,792	0	0
(*f*) Value of Special Steels in a Drawing Frame	412	1	10
(*g*) Value of Special Steels in a Roving Frame	686	13	7
(*h*) Value of Roving Frame complete delivered Mill	6,265	8	0

Oral evidence of Mr. A. C. COMBE, representing Messrs. FAIRBAIRN, LAWSON, COMBE and BARBOUR (India), Ltd., recorded at Calcutta on Monday, the 5th December 1923.

President.—You have come here to-day on behalf of Messrs. Fairbairn, Lawson, Combe, Barbour and Company?

Mr. Combe.—That is so.

President.—I think that it is an old established firm in Great Britain?

Mr. Combe.—The English company was established 111 years ago.

President.—Is the firm in India a separate firm or only a branch?

Mr. Combe.—It is a separate company.

President.—Is it registered in this country with rupee capital?

Mr. Combe.—Yes.

President.—When was it established?

Mr. Combe.—1920.

President.—What is the main object of the Indian firm?

Mr. Combe.—It is to manufacture as far as possible in this country and supply to our customers in jute mills the same machinery which has hitherto been supplied by English firms.

President.—That is to say, for the manufacture of jute machinery?

Mr. Combe.—Yes, and accessories appertaining thereto.

President.—Is it intended that the company should undertake any other sort of work?

Mr. Combe.—We undertake the general engineering which is necessary for the equipment of mills, that is to say, shafting, pulleys, rope pulleys, mill gearing and engines.

President.—These are the only things that you do?

Mr. Combe.—We do a certain amount of general engineering outside our own special line for which our plant is adapted.

President.—That comes in as a side issue?

Mr. Combe.—That is secondary. The primary object of the company is to manufacture jute machinery and spares therefor. The general engineering is accessory.

President.—In your written representation you have put forward two questions. One is as far as possible the steel that you require for the manufacture of jute machinery may be excluded from the scope of any proposals of higher tariff on steel which the Board may make, and the other one is that you would like to see the existing duty removed from pig iron. Are these the only points you want us to consider?

Mr. Combe.—Yes, those are the most important points.

President.—In so far as you do general engineering, you are of course interested like any other engineering firm in the effect that a higher duty on steel might have on that class of business?

Mr. Combe.—We are not interested in steel even in the general engineering line as constructional engineers. That is outside the scope of our activities altogether. We would be interested in the question of dtuy on special rounds or shapes from which we might at a later date be manufacturing bolts or similar parts for general engineering, but as far as structural steel and shapes are concerned, that is beyond the scope of our business, except in so much as any increase in the cost of the structural steel would affect the price of building a jute mill and possibly might make our customers reluctant to extend.

President.—The Board are quite ready to hear what you wish to put forward as regards any aspect of the case which would affect you. If there is anything else besides the two points mentioned in your written representation, we would be very glad to hear.

Mr. Combe.—We would like to know whether it is contemplated putting a tax on parts of machinery or accessories of machinery we make which cannot be made in India at present. There are, for instance, the pins which go into the clothing of cards and into the gills of preparing machinery which at present are not being manufactured in India and it would facilitate our operations if we were also able to get such accessories as could not be made in India imported duty free.

President.—These accessories, I understand, are themselves manufactured as parts of machinery?

Mr. Combe.—In the case of pins it is a small pointed steel needle. It is ground and hardened. It is an entirely separate trade by itself and there is already a firm in India contemplating the manufacture of these pins, but I may say entirely all the pins used in India are imported and are likely to be so for some time.

President.—So they come under machinery at 2½ per cent.?

Mr. Combe.—I think that that is so, but I should like a chance to correct that.

President.—If they were classified under iron and steel in the Tariff schedule, they would be caught in the net without anybody having noticed it?

Mr. Combe.—That is what we are afraid of.

President.—If they are in the machinery part of the schedule, they are safe for the present because they would remain unaltered unless the Board make certain specific recommendations. Also the general question of machinery is not fully referred to the Board. They might not be taxed. But can these pins be used for any other purpose except as parts of machinery?

Mr. Combe.—It is extremely unlikely. There again these pins are only manufactured by about three manufacturers and it is very easy to track their origin down. That is one of the points which we wish to make in regard to special irons and steels—that their quantity imported per annum would be exceedingly limited, that they come from extremely few makers, that there are few different sizes and that it would be perfectly easy for customs purposes to provide a schedule showing the sizes which were to be admitted duty free. We could also supply a certificate from the manufacturer of steel and, if necessary, from the English manufacturer of machinery saying that these were specially made and exported for the manufacture of jute machinery in this country only.

President.—So you do import them?

Mr. Combe.—We have got to.

President.—Could you not look up your papers and say what duty you paid?

Mr. Combe.—I have ordered some, that is why I asked to be allowed to correct.

President.—When do you expect that they will arrive?

Mr. Combe.—I could find that out for you.

President.—If there was any question of being so to speak automatically caught in the meshes of the net, it would be unfortunate because, as far as I can judge at present, so long as it is not made in India, it would not be our wish to include that.

Mr. Combe.—It is a steel which is not made in India.

Mr. Mather.—Are you speaking of pins now?

Mr. Combe.—Yes.

Mr. Mather.—In what form do they come out?

Mr. Combe.—As finished pins, loose in packets.

Mr. Mather.—Have they any special shape? Is there any slot or curve?

Mr. Combe.—No. They look exactly like gramophone needles. They vary from 1¼″ long. They are special pins.

President.—If you can find out and let us know under what item of tariff they would come, it would be useful. At present I understand they have not been imported.

Mr. Combe.—Other people have been importing. I cannot tell you from my own knowledge without referring to books. They are imported every day in thousands—millions in fact.

Mr. Mather.—You have given us a list here of 4 different kinds of steel and one kind of wrought iron which you regard as special for your purpose. Can you tell us approximately how much of each of these kinds is required in India?

Mr. Combe.—I cannot give you exact figures for the consumption of all the jute mills, but I understand that the Jute Mills Association are collecting figures from their members. They will embody them, but in any case the total is small. I don't think that it would be very much. It would be about 500 to 1,000 tons a year.

Mr. Mather.—We had better take each item separately. The first is Drawing Rollers of Roving and Drawing Frames. That, I take it, is the most important?

Mr. Combe.—Yes. Both (1) and (2) are important. (2) is used in greater numbers than (1). That is iron and in point of weight it is more used than any other, but it ranks equally in importance with (1).

Mr. Mather.—You say that No. (1) is extremely resistant to abrasion and fatigue. How is that steel made? Is it open hearth steel?

Mr. Combe.—It is a trade secret and I am not fully conversant with the manufacture. I don't know how it is made.

Mr. Mather.—Can you tell us who make it?

Mr. Combe.—I can give you that. I shall have to cable to England to obtain the names of actual suppliers. At present I purchase this steel for the Indian company through one of the English branches who in turn obtains it from their regular suppliers.

Mr. Mather.—If you will let us know, we may have some idea how to deal with it. I take it that this steel is not hardened and tempered when it comes?

Mr. Combe.—No.

Mr. Mather.—Nor at any stage?

Mr. Combe.—No.

Mr. Mather.—It is not cold-rolled?

Mr. Combe.—That I am not prepared to say.

Mr. Mather.—It has the same kind of surface as an ordinary bar?

Mr. Combe.—Yes.

Mr. Mather.—Can you tell us what the tensile strength of this steel is, and what the chemical composition is?

Mr. Combe.—No.

Mr. Mather.—However much secrecy there is about the method of manufacture, they cannot put any difficulties in the way of a purchaser ascertaining the strength or the composition of the steel.

Mr. Combe.—There again I can obtain that information for you. At present English companies are now buying on analysis and test.

Mr. Mather.—Are they buying to a definite specification?

Mr. Combe.—Recently they started buying, but I do not at present know what those tests are.

Mr. Mather.—So the presumption is that any firm of steel makers which can comply with the analysis and test would be able to supply the steel?

Mr. Combe.—I don't think so.

Mr. Mather.—What is the purpose of analysis then?

Mr. Combe.—It does not give you everything. It gives you a very fair idea. Even with a perfect analysis and a very careful test, you might still miss something.

Mr. Mather.—You mean in spite of laying down exact specifications, your firm would still stick to a very limited number of makers?

Mr. Combe.—We should, unless we were able to obtain steel which we could put into service, and be sure that we should obtain exactly the same performance for a number of years.

Mr. Mather.—So that, if any steel works in India came along and said that they could make this steel and ask you to place orders, the utmost that you would be able to do—if you considered them at all—would be to give a trial order and tell them to wait for five years until the things have been in use?

Mr. Combe.—Until we are assured that the quality and performance of the steel would be exactly the same as we are accustomed to, we should not change our steel. What we would do is we would place a small order and send parts made from this material to all mills with the request that they would keep a very careful watch on them. On their report coupled with our observations of how the steel behaved during the manufacturing process, we should base our opinion whether it would be safe to change to the new steel or not.

Mr. Mather.—That would take several years?

Mr. Combe.—It would.

Mr. Mather.—You see that it is not possible for us to do anything very definite in the matter of differentiating steel unless we know the properties of the steel or the methods by which it is made. Can you tell us whether it is imported now under the head of bars or high tensile steel in the Tariff Schedule?

Mr. Combe.—It does not come as high tensile steel.

Mr. Mather.—How does it come in?

Mr. Combe.—It comes under bar steel.

Mr. Mather.—Under common merchant class?

Mr. Combe.—It looks very much like the other bar, but I assure you that it is not the same.

Mr. Mather.—What is the value of steel?

Mr. Combe.—About 36*s*. a cwt.

Mr. Mather.—You think that it comes in as a common merchant bar?

Mr. Combe.—We are getting into deep waters here.

Mr. Mather.—You see, if it is a high tensile steel, there is always this possibility that it would pay 10 per cent. *ad valorem*. On the other hand, if the Tariff Board recommended an increased duty on steel in the form of a specific duty, it might be that the specific duty more or less on most kinds of steel would not exceed 10 per cent. on the higher value of this material.

Mr. Combe.—That is right.

Mr. Mather.—Of course if it is a high tensile steel, it would not pay on the higher rate.

Mr. Combe.—It is not ordinarily understood as high tensile steel.

Mr. Mather.—But you have been impressing it on us that it is not a common merchant bar.

Mr. Combe.—I am afraid you are correct. It is a steel which has been developed over a large number of years.

Mr. Combe.—It may be possible for me to get the makers to disclose the information as to how they arrive at that result.

Mr. Mather.—We are not particularly concerned as to how they make that steel.

President.—You can get the chemical composition and the ordinary mechanical tests with reference to which it can be determined. At any rate it might prove that the particular composition and tensile were characteristic. If it were possible for the Customs authorities to administer differentially on those grounds, it might do.

Mr. Combe.—We might get you enough general information to classify the steel in any way.

Mr. Mather.—That will in any event put us in a better position than we are now. Can you tell us what the value of the work is that you put on this steel when you import it? Supposing you have Rs. 100 worth of these raw bars, what is the approximate value of the finished rollers as you send them off from your shop?

Mr. Combe.—In the case of push bar, drawing rollers are made of special steel (No. 1 steel). I am referring to drawing frame. I am afraid I cannot give you the exact weight of a rough bar.*

Mr. Mather.—So the value of the work you do on it is approximately equal to the value of the bar with which you start?

Mr. Combe.—In the case of No. 2 the work we do on the bar there is more than three times the value of the steel.

Mr. Mather.—If the duty on steel went up by a certain percentage, the cost of the finished article would go up by a distinctly lower percentage.

Mr. Combe.—Then you come to my other point, that I have already practically no extra margin of profit over the English Company.

Mr. Mather.—It is possible you may not be able to bear that loss.

Mr. Combe.—There is a good deal of work to be done. If you desire I will give you the exact figures for all these things except 4 and 5. I can give you specific cases.

Mr. Mather.—That would be useful, because it would enable us to judge just what kind of burden will be put on you by any increased duty on steel. You say towards the end of your representation that consignments should be admitted duty free on the certificate of a recognised English manufacturer of jute machinery, that the materials in question are intended for the manufacture of jute machinery parts only. Are you sure that this steel is not used for any other purpose?

Mr. Combe.—It would be extremely foolish to use it for other purposes when you could get cheaper steel.

Mr. Mather.—Might there not be other uses?

Mr. Combe.—I should imagine that No. 2 for instance is very likely used for cotton machinery.

Mr. Mather.—Probably for all kinds of textile machinery something similar is used. It is also possible that for purposes other than textile machinery a similar quality of steel may be required.

Mr. Combe.—It is extremely unlikely. It might get in in things like gun manufacture.

Mr. Mather.—I am entirely in the dark because you cannot tell me the composition of the steel.

Mr. Combe.—It is not used to the best of my knowledge in general engineering other than textile work.

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* See Statement II.

Mr. Mather.—Do you think that a certificate from the English manufacturer should be sufficient for the purposes of the Government of India in classifying the steel? The Government of India has no power to compel an English manufacturer to give a certificate at all.

Mr. Combe.—They will be perfectly willing to do it. I think it would be better firstly to get a certificate from the steel maker and then from the manufacturer in England.

Mr. Mather.—Do you think that the manufacturer of jute machinery in England will be willing to go so far to help the manufacturer of jute machinery in India?

Mr. Combe.—In the case of our own company and one of our competitors they have English companies, and in the case of two more of our Indian competitors they have no corresponding English Company, and they would certainly have to rely on the steel maker's certificate, or purchase from a firm of English manufacturers in England.

Mr. Mather.—Could the English machinery manufacturer by looking at the steel certify that it is a particular kind of steel?

Mr. Combe.—No. He cannot.

Mr. Mather.—Then what would be the value of that certificate? On what basis would he certify?

Mr. Combe.—He would certify that he got it from a recognised maker of this class of steel. It can easily be proved. The English manufacturer could certify that he is exporting it and the English steel maker could certify that it is such and such kind of steel; and in the case of Indian firms which have a corresponding English company, the English company will be quite willing to certify.

Mr. Mather.—We might just as well take a certificate from the Indian firm.

Mr. Combe.—I should be perfectly content to rely on the steel maker's certificate. After all, he knows what he is putting into that.

Mr. Mather.—It seems to me that nobody else's certificate can be of any value if the steel is as mysterious as you represent.

Mr. Combe.—There are a certain number of makers who make this steel and I am perfectly sure that we could get sufficient materials that would enable the Government of India to classify the steel, and I am quite sure that these makers will also be prepared to certify that this was the particular class of steel.

Mr. Mather.—That will leave us in the position of depending on the certificate of a firm which is bent on getting this steel into India.

Mr. Combe.—We could detect that steel, and it would not be in our interest to import a steel other than this, and if the steel manufacturers in England attempted to export a steel other than that which we use, under certificate, we should be able to detect it when we machine it. In the case of No. 3 we might not detect it till it had been some time in use. That is why we make such a strong point of it. We do not wish to be forced to purchase our steel except from firms who are willing to certify.

President.—That surely is not the danger. The danger the Government of India must guard against is the importation of other kinds of steel on the plea of getting a certificate.

Mr. Mather.—You have already told us that you have a certain amount of shafting and mill work. So far as I know the steel for that could be treated in the same way as ordinary steel and bear whatever duty that is put on it. If the Board acceded to your request that this particular steel ought to come in duty free you would have the benefit of getting it duty free, and selling it.

Mr. Combe.—If I attempted to sell say, for instance, No. 1 steel imported duty free for shaftings, the cost of that steel is so much above the cost of ordinary shafting steel that I should simply be paying money out.

Mr. Mather.—Supposing somebody imported ordinary steel as special ste in order to avoid the duty, how would you safeguard the position of Government of India?

Mr. Combe.—Do you mean if they mix the ordinary shafting steel with special roller steel?

Mr. Mather.—Supposing they call their shafting steel special roller steel? I am looking at it from that point.

President.—If any concession is given, it would be open to firms to provide themselves with the necessary certificates and to say that this is the kind of steel.

Mr. Mather.—There are at present three textile machinery manufacturers in India. Some merchants might import bar steel and call it special steel. He might take advantage of this clause.

Mr. Combe.—You will have the test made in India by an expert if you cannot rely on the certificate of the manufacturer. The importer may have the test made.

Mr. Mather.—But you tell us that a decisive test would take years.

Mr. Combe.—I suggest that you might unexpectedly demand a particular consignment to be analysed.

Mr. Mather.—You told us that the analysis does not identify.

Mr. Combe.—I know exactly what you mean.

President.—Don't you think that some special arrangements will have to be made by which only such steel as is actually imported by the machinery manufacturing firms would enjoy the benefit of the concession, and there would have to be some check as to the number of machines made during the year and the number of shafts used? Anything short of it I do not think would be an adequate safeguard.

Mr. Combe.—Mr. Mather is right to some extent. We gave an expert in Sheffield the steel and we asked him to give the analysis to see if he can do something similar and he absolutely failed to do it. He is a very clever metallurgist and he had access to the best laboratories in Sheffield. He failed to make steel anything approaching the one we were using, and he said we would have to go back to our original source of supply. He is a well-known man too.

Mr. Mather.—This is very exceptional. You must pardon my scepticism. You are not prepared to tell his name?

Mr. Combe.—That is rather outside the scope.

Mr. Mather.—The only satisfactory safeguard seems to be the kind of safeguard which the President was suggesting.

Mr. Combe.—That could be arranged. When we import these bars we could show them to you at any time.

Mr. Mather.—Government has not got any machinery at present for dealing with it in this way. However you agreed that it is the only satisfactory safeguard. Can you tell us anything about this special iron which you use in No. 2?

Mr. Combe.—It is really ordinary wrought iron—a very good commercial wrought iron, very low in phosphorus and sulphur, and I do not know whether it can be procured in India.

Mr. Mather.—There is no wrought iron made in India.

Mr. Combe.—Therefore I have put it here. I want to get this in for the same purpose as hard steel. It is also for rollers but in one case the work takes place on the periphery of the hard steel and in the second place it takes place on the cast iron boss which is shrunk on the iron shaft. We require special wrought iron.

Mr. Mather.—You probably know that the tariff schedule at present has three kinds of wrought iron. The classification is :—

(1) Qualities superior to grade A of the British Engineering Standard Association.

(2) Grade A of the British Engineering Standard Association and Crown quality and intermediate qualities.

(3) Common bar.

Do you happen to know which kind of iron yours is?

Mr. Combe.—No. I am afraid I cannot tell it. I shall have to look that up. They are continually coming in under different prices. There are so many charges to be added to it.

Mr. Mather.—No. 8 steel. You say this is water hardening, straight, carbon steel with a very good impact test value. I take it you do the hardening?

Mr. Combe.—We import the bar. We machine it into the form of fallers. It is really a question of getting good reliable low water hardening steel.

Mr. Mather.—Under what heading does it come at present?

Mr. Combe.—I am not importing that yet.

Mr. Mather.—Are any jute mills importing it?

Mr. Combe.—Not to any great extent, but it is a thing which we shall have to import in the immediate future.

Mr. Mather.—At present all these bars are being imported in the finished condition?

Mr. Combe.—Yes.

Mr. Mather.—Can you say which class of steel it would come under?

Mr. Combe.—Same class as tool steel, somewhere about that.

Mr. Mather.—You mean the item including high-speed steel and carbon steel?

Mr. Combe.—Yes.

Mr. Mather.—In that case it is subject to an *ad valorem* duty of 10 per cent. You have not imported it. Are you in a position to tell us what the value of this steel is?

Mr. Combe.—I will get that for you.

Mr. Mather.—Have you considered the possibility of getting this steel in India?

Mr. Combe.—I have. I am prepared to accept Indian steel after getting it tested at Home.

Mr. Mather.—Are you arranging to try Indian steel?

Mr. Combe.—Not yet.

Mr. Mather.—Very much the same question arises with regard to spindle steel?

Mr. Combe.—That is practically spring steel. There again it comes from very few makers. Although I do not think spindles are being made to a great extent at present in India, there is no reason why they should not be made in India in the near future.

Mr. Mather.—In what form is it used?

Mr. Combe.—It comes in the form of long rounds and it is forged round to its finished size.

Mr. Mather.—It is done by the machinery manufacturer?

Mr. Combe.—You have to differentiate between the machinery manufacturers who make their own spindles and spindle manufacturers. We use spindles in three of our works. It may be found economical to manufacture our own spindles.

Mr. Mather.—You have not made spindles up to date?

Mr. Combe.—Spindles have been made but not by us.

Mr. Mather.—At present there is no manufacturer in India?

Mr. Combe.—There is, but here I am rather handicapped by the fact that certain people who are endeavouring to imitate the spare parts made by English firms and by corresponding Indian firms make them in ways which we would never approve of and pass them off as good parts. If you ask me from which class of steel they are being manufactured and to what extent they are made, I would prefer not to say anything about it.

Mr. Mather.—But you are not making it yourself?

Mr. Combe.—Not at present, but it is quite likely that we shall make spindles in the near future.

Mr. Mather.—Do you think you will be able to get suitable steel in India?

Mr. Combe.—When the Indian manufacturer is in a position to pay special attention to comparatively trifling quantities of special steel like that I am asking, and as soon as they are able to make that kind of steel, we are perfectly willing to give them a thorough trial.

Mr. Mather.—I wanted to ascertain whether you expect to be able to get that steel.

Mr. Combe.—I do expect it.

President.—If the Indian manufacturer has got to make special attempts to get this kind of steel, there is only one manufacturer and how many special kinds is he going to make?

Mr. Combe.—That is an important point. They must compete with the English manufacturer in prices and in performance.

Mr. Mather.—I wanted to ascertain how far these should necessarily be imported.

Mr. Combe.—There is no question of necessity ultimately.

Mr. Mather.—Item 5 is special free cutting steel of proprietary bands. Do you use a very large quantity of that?

Mr. Combe.—Not much. It might amount to 100 tons per annum.

Mr. Mather.—Whereas in the case of the previous qualities of steel your position is quite different from ordinary engineering workshops, yet as regards this kind you are much in the same position as engineering workshops?

Mr. Combe.—This is exclusively for repetition work, and I am asking that until I can obtain this special steel in India, I may be allowed to import it free.

Mr. Mather.—How do you suggest we should differentiate this particular kind of steel?

Mr. Combe.—There is a known specification and it is sold in the proprietor's name and it has got a special brand.

Mr. Mather.—Yes, but if everything under a proprietor's name were to come in with a brand free of duty they might develop their industry very considerably.

Mr. Combe.—It has a name of its own. The analysis of this particular steel is known. In fact it is declared. The fact remains that if you get 33⅓ per cent. protection it would certainly apply to anybody who has got similar work to do in this country. It is a thing which results in economy in your workshop and which we should not like to be deprived of. It is not vital to the manufacture of our machinery but it results in economy.

Mr. Mather.—The question we have to consider for the time being is how far special provision should be made for this steel without affecting any steps which the Board might take in regard to ordinary steel.

Mr. Combe.—This steel cannot be used in any ordnance work.

Mr. Mather.—Yes, but we are not specially considering the protection of ordnance steel. That is of course a different question. I am not quite clear just how far it would be practicable to differentiate this from other classes of steel without giving the Customs authorities very much trouble. If it is being used on such a scale that any extra duty would be a big burden on the user it might justify trouble. That is why I asked you how much it is used.

Mr. Combe.—If you put any additional duty on this steel and we can get the ordinary mild steel, the disadvantage of this special steel would disappear probably and we will go back to the ordinary steel.

Mr. Mather.—Can you tell me how much you are paying for this steel?

Mr. Combe.—£16-10 f.o.b. Calcutta. I should like to check that figure.

Mr. Mather.—That again I suppose is now coming in as common merchant bar?

Mr. Combe.—That also I should prefer not to answer without referring. The first import is just on its way.

President.—The only point which occurred to me is a general one with regard to these materials, and that is as to the relative quantities of these various kinds you use, expressed in percentage. I do not know whether it is possible.

Mr. Combe.—I can probably give you some idea but it will be a very vague idea.

President.—I want the quantities used: even if it were an approximate idea it would be something.

Mr. Combe.—I think you will find that the Jute Mills Association have gone into this particular question of tonnage.

Mr. Mather.—You have told us, Mr. Combe, that you make shafting and mill work. Do you get your steel for that in India?

Mr. Combe.—Up to the present we have not supplied any very large shafting and even any plain shafting that I have supplied up to the present I have purchased in the Calcutta market as English steel. We would not be prepared to recommend Indian steel at present until we know a little more about it.

Mr. Mather.—Do you think that for making shafting satisfactorily you will have to continue using imported steel?

Mr. Combe.—If the Indian maker is prepared to sell his steel on an analysis and stick to it, there is no reason why it should be imported. I have not actually tried to buy Indian steel yet.

Mr. Mather.—At any rate you would want to assure yourself that it complied with certain conditions?

Mr. Combe.—Certainly.

Mr. Mather.—But you do not see any reason to anticipate that these conditions could not be complied with in India?

Mr. Combe.—So far as I know there is no reason.

Mr. Mather.—You make steel castings, don't you?

Mr. Combe.—Yes.

Mr. Mather.—Are you making these entirely of imported pig iron?

Mr. Combe.—No.

Mr. Mather.—Would you mind telling us what kinds of castings you are making and expect to go on making from the Indian pig iron?

Mr. Combe.—We have been trying to get a low phosphorus percentage in the Indian pig and we have been promised such a thing, but up to the present I have not seen it. Up to the present we have not been making any steel castings of Indian pig except things that would not hurt anybody if they broke. But for anything in the nature of large mill gears or part of a bridge where any failure would mean serious results, we have always been using imported pig.

Mr. Mather.—You told us just now that you have had a promise of low phosphorus in Indian pig iron?

Mr. Combe.—Yes, from an Indian Works. But until I get a low phosphorus content, I would not make any castings from the Indian pig. I would not make any steel castings that would be liable to get a shock which might have disastrous effect.

Mr. Mather.—So the making of steel casting from Indian pig iron is nothing more than a hope, which I fear you will not see realised for some time yet.

Mr. Ginwala.—How much of the Indian pig do you use in a year?

Mr. Combe.—The Company has only been operating for 12 months.

Mr. Ginwala.—On the assumption that the Company produces its full output?

Mr. Combe.—I can give you an approximate idea, but I would prefer to submit that in writing, if I may.

Mr. Ginwala.—The spinning frames contain a certain number of spindles: how many does one frame contain?

Mr. Combe.—About 160 to 176 altogether.

Mr. Ginwala.—How much of special steel would they require?

Mr. Combe.—All these spindles are of special steel and the bars on which the bosses are shrunk are special iron bars. Both the bosses on the bottom roller and the top roller and the remainder of the machine are made exclusively of Indian material.

Mr. Ginwala.—What I want to know is, in each of these frames how much of the special kind of steel would be required?

Mr. Combe.—You want the weight or the value?

Mr. Ginwala.—Weight is more important for us.

Mr. Combe.—I will give you that for the three firms.*

Mr. Ginwala.—In the looms how does this come in?

Mr. Combe.—There is nothing in the looms with the exception of some springs which I don't think can be satisfactorily made in India.

In the case of jute softeners there is nothing which could not be made to-day of Indian materials. From there you pass on to the Breaker and Cards. It would be necessary that the axles on which the cylinder and rollers revolve should be made of imported steel at present. Of course the consequences of a failure would be disastrous and it would be necessary that the pins of which there are several hundreds of thousands, in a card should be imported. The steel guards which keep dust out of the machine may quite well be made of Indian materials if they can roll down to the gauge we want at a price which we are paying for the imported article. It is always a comparatively small fraction of the total weight which is required to be special, but why we are laying so much stress on the point is because this is really the vital point of the machine although it is of a weight which is insignificant.

Mr. Ginwala.—Supposing this exemption were granted, what would it cost?

Mr. Combe.—As far as our own works are concerned it would not be more than 500 tons of this special steel. You may put the same amount for the Angus Company and another 500 tons for what the mills import, so that the total quantity involved would be 1,500 tons a year. It is only a guess.

Mr. Ginwala.—At present what is the average price, is it about Rs. 200 to 300 a ton roughly?

Mr. Combe.—We get special rolled steel at Rs. 28 a cwt. You want the value of that 500 tons?

Mr. Ginwala.—Yes. It does not seem to be a very large sum.

Mr. Combe.—It is not a very big sum.

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* Statement II.

Mr. Ginwala.—I mean in the matter of duty as it stands at present, 10 per cent. *ad valorem*, it would not come to very much on 500 tons?

Mr. Combe.—I was giving the price delivered at the works which includes freight and other charges.

Mr. Ginwala.—You must give us some idea as to what it is going to cost you. I take it that it forms very small percentage of the total cost of the machinery?

Mr. Combe.—Yes, but not necessarily a small percentage of the price. It is really the key part of the machine on which its success depends.

Mr. Mather.—The addition to the value is not proportionately increased by the addition to the duty? I mean the increased duty will not increase the manufacturing cost per ton?

Mr. Combe.—It will increase the total cost. It is going to increase the cost of my finished product exactly by the increased amount you are going to charge me for my bars.

Mr. Ginwala.—Supposing your works are on full production, can you give us some idea of the value of the output of the machinery you manufacture?

President.—Supposing the three firms were all working at full capacity, how far would they be supplying the demands of the jute mills? We should like to find out what would be your capacity for that purpose.

Mr. Combe.—You want the total capacity of the machinery per annum?

President.—What you are able to produce.

Mr. Combe.—Two 500 loom mills a year. The point I wish to bring out to the President is that if you are going to put anything on to the cost of the finished bars, you are going to make it more profitable for me to import finished parts from England.

Mr. Ginwala.—You are not asking for any protection for your machinery?

Mr. Combe.—No. I wish all machinery and all its parts to come in free. But we do not wish a duty on special steels without putting a countervailing duty on the finished parts made from these steels. Except for general engineering the great bulk of the steel we use is in classes 1—5.

Mr. Ginwala.—There are no other kinds of steel?

Mr. Combe.—We use high speed steel. I have excluded high speed tools. I should think probably 80 per cent. of the steel we use is included in those classes.

Mr. Ginwala.—And the rest is cast iron?

Mr. Combe.—The great majority of the machinery by weight is cast iron which is Indian material of course.

Mr. Ginwala.—But then you want the duty on pig iron to be removed also?

Mr. Combe.—Yes, for steel making.

Mr. Ginwala.—Is that to your advantage if you are using Indian pig iron?

Mr. Combe.—The very fact which makes the Indian pig unsuitable for steel castings makes it suitable for castings of iron.

Mr. Ginwala.—They have an advantage there?

President.—What quantity of imported pig iron would you probably want in a year?

Mr. Combe.—About 250 tons of special pig.

President.—Have you actually used any pig from Mysore?

Mr. Combe.—No.

Mr. Mather.—Do you use any steel castings in jute mill machinery?

Mr. Combe.—There are certain castings in jute mill machinery which are made of malleable iron. We have not been able to get suitable malleable iron and we are replacing them with mild steel castings.

Mr. Mather.—Is that the main reason for putting down a steel foundry in your works?

Mr. Combe.—Yes.

Mr. Mather.—Some part of it is steel castings in your machinery?

Mr. Combe.—Yes.

Mr. Mather.—And in the English machinery?

Mr. Combe.—The imported machinery is malleable. We are primarily out to make steel castings for our own use and if there is surplus production we sell it to the outside public.

Vulcan Iron Works, Ltd., Calcutta.

WRITTEN.

Statement I.—Original representation from the Vulcan Iron Works, Ltd., Calcutta, to the Secretary, Tariff Board, Calcutta, dated the 15th September 1923.

Your No. 203 of 5th September 1923.

We are in receipt of your above covering a questionnaire on the subject of protection, claims to which have been put forward by the Tata Iron and Steel Company, Limited, and we beg to give our replies to the questionnaire.

1. We consider that if the duty on steel (not fabricated) is raised from 10 per cent. to 33⅓ per cent. it will very seriously adversely affect the operations of our business to a very large extent in the following manner:—

(*a*) The increased duty must eventually be passed on to the consumer and raise the prices of fabricated steel, and at the suggested increase we consider that it will make the price of steel structures more expensive than timber, concrete or masonry, with the result that there will be a very large diminution in the placing of orders for work on which we depend to a great extent to keep our Works going as a paying proposition.

(*b*) In the event of a serious decrease in orders for structural steel, as pointed out in the above paragraph, the result will be that a number of workmen with a corresponding proportion of supervision will have to be discharged, increasing the unemployment at present existing among all classes. This we consider a very important point.

2. The principal products manufactured by us for which steel is a necessary raw material, are tanks of all descriptions, stagings, chimneys, roofs, bridges, well curbs, structural steel for buildings, tea houses, power houses, coal mining equipment, pit head gears, cages and keps, water filters, presses for jute, cotton, tobacco, etc., shafting, machinery repairs to the same in general.

3. Plates, angles, joists, flats, channels, rounds, squares. It is not possible to give the quantity of each kind required during a year, as the work which we do varies to a very great extent, but the amount of all kinds required by us during the year is about 800 to 900 tons.

4. It is not possible to give an accurate proportion of the cost of steel to the finished product, as so much depends on the labour that has to be employed, *i.e.*, the proportion of the steel to the cost of, say, a pit head gear would be very much higher than in a tank for petrol storage; in the former it would be approximately 60 per cent., in the latter as low as 30 per cent.

5. We are unable to give any figures for the Indian consumption.

6. We are not able to give the figures of the outturn of our Works for each product over a period of 5 years, but an approximate total outturn of work for which steel is a necessary raw material, for the years 1918, 1919, 1920, 1921 and 1922, is given:—

	Tons.
1918	675
1919	550
1920	900
1921	825
1922	670

Our plant as at present organised under favourable circumstances could turn out 1,000 tons of fabricated steel per annum.

7. The principal consumers of the articles produced by our firm are—Government in various departments, Municipalities, Tea Gardens, Railways,

Collieries, Industrial Concerns, and private persons. The purposes for which the articles are used are very varied.

Tanks for storage of water, oil and petrol.

Steel structures, for tea gardens, residences, supports for raised tanks, godowns.

Chimneys.

Filters.

Bridges.

Well curbs.

Repairs to machinery.

A small proportion is, we know, exported.

8. The products of our firm are not used as raw materials for any other industry that we know of.

9. The foreign competition that we have to meet:—

(a) In the Indian market is very keen indeed at the present time.

(b) Practically none, as we do not export any of our manufactures.

10. We do not consider that any of the products of which steel is the principal raw material, requires protection in any form whatever, beyond the protection it is already in receipt of at the present time.

11. We do not consider that further protection for the steel industry is necessary, but if the Government of India takes an opposite view, we are of the opinion that protection should take the form of a bounty, and not an increased rate of duty on raw materials (fabricated steel being in a very different category). If the Government of India consider that protection is advisable, we think that sufficient work, at competitive prices, should be placed by the Government of India in India to keep the established works fully occupied.

12. It cannot be said that dumping of the finished products, for which steel is the principal raw material, would affect our business, as it is not considered likely that finished products would be dumped into this country. In the event of dumping of the raw material, *viz.*, steel plates, bars, sections, etc., the effect might be to reduce the price of the raw material, and consequently the finished article which would tend to more orders being placed, and an increased business would result.

Any further information that the Board or the Government of India may deem desirable, and we are in a position to afford, we shall be pleased to hold at your disposal.

Statement II.—From the Vulcan Iron Works, Ltd., Calcutta, to the Secretary, Tariff Board, Calcutta, dated the 25th September 1923.

Your No. 288 of 20th instant.

As requested in your above, we have pleasure in giving our views in more detail regarding item 11 of the questionnaire.

Our reasons for stating that if Government decides that protection for the steel industry is necessary, it should be by a bounty on Indian made steel, and not by an increased duty, are:—

(a) The increase of duty must perforce be passed on to the consumer, and the increase in price, as far as we can see, will have the effect of curtailing to a very serious extent the orders for work for which steel is a necessary and principal raw material, as other and cheaper materials will be substituted. The work for which steel is required will be more expensive than masonry or timber for instance, and the demand for steel products will decrease to a very great extent, and seriously affect our business.

(b) In our business, we do not manufacture one class of product that would normally require protection, but the ultimate success of our business depends entirely on the volume of work that we can obtain for our shops, and necessarily, the cheaper steel can be purchased, the lower prices we can quote, and the more work we are able to secure, and *vice versâ*.

During the course of a year we manufacture the following articles, of which steel is necessarily a raw material:—

Chimneys of various dimensions.

Tanks of all sizes, for water, oil and spirits.

Roofs of all sizes and descriptions.

Pit head gears.

Steel pipes for water and oil.

By far the larger proportion of these orders are obtained, as the products manufactured in steel are cheaper than other materials, but immediately steel becomes more expensive, orders must of necessity fall off.

The writer will be pleased to give evidence before the Board, if it is thought necessary, and Friday, the 28th, would suit.

Oral evidence of Messrs. J. W. MEDLAND, O.B.E. and J. W. GAUNT representing the Vulcan Iron Works recorded at Calcutta on the 28th September 1923.

President.—The chief question that arises to-day is what is usually known as compensating protection. In your written statement you urge the view that any assistance given to the mnufacture of steel should be given in the form of bounty and not by import duties. However we cannot exclude the possibility that the final decision may be different and that the decision may be in favour of an import duty. That at once raises the question what would be the effect of a higher import duty on the industries which use steel as a raw material. The question would also arise what measures ought to be taken in order that they may at any rate be no worse off than they are at present, and that is why when we replied to your original letter we said that we should like, if possible, to have a list of the principal products you manufactured, and also a note showing what proportion the cost of steel in each bore to the total cost of the finished products. It is only in accordance with the proportion which the cost of steel bears to the cost of the finished product that a higher import duty would directly raise the cost of production.

Mr. Medland.—We are quite different from other firms. We have no one speciality. We just do what work comes along. We may have no, or at least very little, competition with foreign manufactured goods. Perhaps the only thing I can think of in which there is competition is filters, in which we have competition from America. We do not make any one thing: we just meet people's demands.

President.—Some other firms have told us that they have to meet a great deal of competition, but like you they have said that their outturn from year to year varies a great deal.

Mr. Medland.—It is very much the case with us. We might make a large quantity of one article in one year and not make it again for another three years.

President.—Are there any products which you make pretty constantly from year to year?

Mr. Medland.—I do not think there are any, but steel tanks are probably the most regular things that we do.

President.—Let us begin with tanks then. You make both oil and water tanks?

Mr. Medland.—Also for petrol tanks.

President.—Does the proportion of the cost of steel to the cost of finished product vary in the case of these tanks much?

Mr. Medland.—It varies in the case of water tanks by some 20 per cent.

President.—Can you give us in the case of water tanks the proportion of the cost of steel to the cost of finished product?

Mr. Medland.—45 to 50 per cent.

President.—In the case of oil and petrol tanks?

Mr. Medland.—In the case of petrol tanks it will be something like 30 to 35 per cent. because there is more labour on a petrol tank. In the case of oil tanks it will be something between the two, say, about 40 to 45 per cent.

President.—Do I understand that in the case of these tanks there is not much foreign competition?

Mr. Medland.—There is not much, as far as we know.

President.—Is this due to the fact that such tanks are bulky and imported by sea, the freight is heavy?

Mr. Medland.—They would be imported in fabricated parts and when they are received here they are erected and riveted at site.

President.—Is there no competition in that form?

Mr. Medland.—The Oil Companies do import their own tanks sometimes and sometimes we manufacture for them. But if we are not asked to quote, we know nothing about competition.

President.—No case of that kind has come to your notice?

Mr. Medland.—It is very seldom that a price is quoted and put up against the Home price.

President.—Supposing the duty on steel is raised to 33⅓ per cent., do you anticipate that foreign competition would then begin, if the duty on tanks were left as it is?

Mr. Medland.—Yes. Certainly. I think so especially in the case of the larger tanks. On the 90 foot oil tanks there will be competition immediately.

President.—Why should there be more competition in the case of the larger tanks?

Mr. Medland.—Home firms would probably not care to quote for smaller tanks.

President.—Perhaps it would not be worth while.

Mr. Medland.—Besides, the 90 foot tank is a standard size which generally suits Oil Companies' requirements.

President.—I understand that. In the case of any article which is standardised the foreign competitor is much more likely to compete than in the case of any special order.

Mr. Medland.—Yes.

President.—Take chimneys, for instance. Can you give us any figure as to the proportion of the cost of steel to the finished product? Does it vary a great deal?

Mr. Medland.—No. It does not vary a great deal. 56 per cent. would be the cost of steel. I can send you the actual figures on this because we have built five chimneys during the last eight or nine months.*

President.—In this case is there any competition from abroad?

Mr. Medland.—Not very much. Chimneys would most probably be ordered from Home when the order for the boilers and machinery were placed out of India. Even in this case it is possible that the order for the chimney might be placed in this country, if the price was found to be favourable.

President.—Take the case of filters—Jewel filters. Is that the kind you usually make?

Mr. Medland.—Yes. They are a patent.

President.—I understood you to say that the demand for these was very irregular?

Mr. Medland.—Yes.

President.—So that it is not one of the things that you depend to any great extent?

Mr. Medland.—I would not like to say that we depend upon any one thing at all.

President.—Naturally you would not like to see anything possible cut out, but still you do not attach to it the same importance as you attach to some other things.

Mr. Medland.—Take, for instance, a Municipality with a scheme of water supply: they would give an order for five or six filters at the same time

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* This figure—56 per cent.—was later confirmed by Mr. Medland.

President.—When you had orders for such filters what would be the total sum involved? Supposing a Municipality gives you an order for these, what would the cost run to?

Mr. Medland.—We make these things only for the Jewel Filter Co. who hold patents for the article.

President.—I have no idea how far it is a standard article or whether there are any standard units.

Mr. Gaunt.—There are various sizes, *viz.*, from 12″ to 20″; these would be cast iron. 30″ to 78″, vertical pressure filters in steel. There are also horizontal pressure filters up to 8′ diameter by 20′ long, and gravity filters 4′ to 21′ in diameter.

President.—I am thinking of the price. How do the prices run and between what figures?

Mr. Medland.—Pressure filters from Rs. 2,000 to Rs. 6,000. Gravity filters from Rs. 1,000 to Rs. 8,600.

President.—Is that about the minimum?

Mr. Gaunt.—Yes. We have recently estimated for a battery of 20 pressure filters 8′ diameter × 20′ long. In this particular instance, the cost will be approximately, Rs. 1,25,000.

President.—Is there competition in the case of these filters?

Mr. Medland.—Yes, but it is not always a question of prices; it is a question of delivery sometimes.

President.—In the case of filters is it possible to give any idea as to the proportion of the cost of steel?

Mr. Medland.—That would vary. In the case of filters 20 feet long the proportion of steel is more than in smaller ones. The proportion will be more in the case of the bigger ones.

President.—Taking the biggest, can you tell me the proportion of the cost of steel?

Mr. Medland.—It will be 55 per cent.

President.—How low would it fall?

Mr. Medland.—It might go to 30 per cent. in one of the smaller ones, because there is more labour on the smaller ones.

President.—If there is a rise in the price of steel, the cost of the finished product must increase in proportion to the percentage of the cost of the steel in it?

Mr. Medland.—That is the reason why we would prefer protection in the shape of bounty rather than in the shape of increased duty.

President.—I quite see the reason from your point of view. There are a great many people who would prefer the bounty like you. The only difficulty is that it always comes back to this: who is to find the money?

Mr. Medland.—If I might make a suggestion, the Continental steel could stand an increased duty.

President.—Let us take the fabricated articles. You would put a heavy duty on fabricated structural steel?

Mr. Medland.—Yes. We do a good deal of business in building bungalows for tea gardens, and things like that.

President.—You have a special connection with the tea industry?

Mr. Medland.—Yes.

President.—Have you found that there is much foreign competition in respect of bridges or buildings?

Mr. Medland.—We have lost some orders by orders going home because prices were lower then.

President.—This is an exception to your general statement that in the case of articles you manufacture there is not much competition.

Mr. Medland.—When trade is better at home, there is much less competition.

President.—Naturally it must be so. If the manufacturer abroad can sell his products without much trouble, there will not be the same competition.

Mr. Medland.—In one particular respect the manufacturer at home is much better off than the manufacturer out here. He insists on being paid at the time he ships the goods, whereas we are not paid for long after the expenditure has been incurred. This means a lock up of capital.

President.—That applies, I take it, both to work you do for Government and also to work that you do for private consumers?

Mr. Medland.—All our imported steel is paid for by drafts. Whether we do our work immediately or 8 months hence, we pay for all our steel at practically fixed dates.

President.—But you are not paid by your customer until the building is completed?

Mr. Medland.—Sometimes considerably after that.

President.—Then in the case of the bridges, in the last two years you find that there is more competition?

Mr. Medland.—We have had hardly an order in the course of the last two years.

President.—In what sort of bridges are you interested?

Mr. Medland.—Road bridges, chiefly.

President.—I take it that the competition is pretty keen?

Mr. Medland.—I think it is mostly Indian competition, unless it is a very big bridge.

President.—Another thing you mention is Well Curbs. Do you make a fair number of these?

Mr. Gaunt.—Yes, they vary from about 5 ft. to big ones of 80 ft.

President.—Who are the probable purchasers in the case of these well curbs?

Mr. Medland.—District Engineers for bridges and tea gardens.

President.—Can you give us any figure in the case of the well curbs as to the proportion of the cost of steel?

Mr. Gaunt.—Small size, I think about 7 per cent. and large size, about 40 to 60 per cent.

President.—In the case of bridges, can you give us a figure as to the proportion of the cost of steel?

Mr. Gaunt.—I am afraid we could not without looking up the records.

Mr. Medland.—I will have it looked up for you if you would like the information.*

President.—Any information we can get on the subject will be useful to us. You have also mentioned Pit Head Gears and in answer to question 4, you have told us that the cost of steel in the case of Pit Head Gears would be about 60 per cent.

Mr. Medland.—Yes.

President.—Then, these are principally made of steel.

Mr. Medland.—Yes.

President.—Is there any cast iron or any other material in these Pit Head Gears?

Mr. Medland.—Only a little in the pulley?

President.—When these are imported, are they classed as machinery or how do they come?

Mr. Medland.—I am afraid we have never imported them. We always make them. Probably it will depend on how the invoice is worded.

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* The proportion of the cost of steel to the total cost of a bridge we have built, is 74 per cent.

President.—There has been a change recently in the definition of machinery in the Tariff Schedule. If it is classed as machinery, it comes in at 2½ per cent.

Mr. Medland.—Yes.

President.—So far as you know, is there any foreign competition in the case of these gears?

Mr. Medland.—Not as far as we know. Some of the collieries may have them made at home but we know nothing of them.

President.—Has the trade in these gears been more difficult recently?

Mr. Medland.—I should say so. Perhaps it is due to the trade slump. I think that there have been enquiries but orders have not come along. Orders might have been placed at home or they might have gone to another firm here.

President.—You mention coal mining equipment—what sort of equipment?

Mr. Medland.—Coal tubs, machinery, cages, etc.

President.—What sort of machinery do you actually make?

Mr. Medland.—Winding Gears, etc. We are also making Keps.

President.—What exactly is a Kep?

Mr. Medland.—Keps are fitted at each level of the mine to support the cages, take the weight of the cage off the ropes, and to rest level with the floor plates, while the coal tubs are being changed. They consist ordinarily of arms (or levers) keyed to a weighbar working in bearings which are secured to cross beams fastened to the shaft frame, and come in front of the ends of the cages when the latter are at rest.

President.—Then you also mention presses for jute, tobacco, etc. Can you give any figure in their case as to the proportion of the cost of the steel?

Mr. Gaunt.—We can let you have it.*

President.—Thank you. It would be useful to us.

Mr. Medland.—We make some presses ourselves and some we import. We are the licensees of the Shirtliff Patent Bijoli hand press. Jute presses we make ourselves, but presses for cotton or cotton waste we import, because the manufacturers have more experience than we have.

President.—It is not worth while troubling too much about articles which you seldom make. The ones which you make frequently are those with which we are concerned.

Mr. Medland.—We only make jute and tobacco presses.

President.—Could you let us have figures for these?

Mr. Gaunt.—It will be a very low figure. Cast iron is more used. The frame is steel and the fittings are cast iron.

President.—You also mention shafting. Do you do much in that line?

Mr. Medland.—A considerable amount.

President.—Who are your principal customers for works of that kind?

Mr. Medland.—Tea gardens, jute mills and factories.

President.—There again, is it possible to give any figure as to the proportion of the cost of the steel?

Mr. Gaunt.—About 50 per cent.

President.—We have gone through nearly all the articles mentioned in your two letters and it will be helpful to us if you will give us the figures that you promised. The question is what would be the effect of the increase in the import duty to 33⅓ per cent.; what would be the effect of this proposed increase on the various products that you at present manufacture out of steel? That is what we are trying to ascertain.

Mr. Medland.—People would try other materials.

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* Not supplied.

President.—You have made that a great point in your representation and it is of course important from a much wider point of view than merely the interests of the engineering firms. If the result of the measures taken to protect steel were to destory the market for steel in India, it would not do much good. You mention three things, which, by the imposition of this duty, would become cheaper than steel, *viz.*, timber, concrete and masonry. For what purposes would timber tend to replace steel?

Mr. Medland.—Tea garden bungalows and things like that. Pit Head Gears could also be made of timber.

President.—It is important for us to get whatever information we can as to how far the price of steel would have to rise before the tendency to substitute timber begins to take effect.

Mr. Medland.—I could not give you any figures.

President.—The Engineering Association are going to try to help us. During the last three or four years, there have been very wide variations in the price of steel and it struck me that possibly the experience of these might suggest some inferences.

Mr. Medland.—We should never go into that.

President.—The point is this. You tell the Board that if the price of steel is increased up to some figure not stated, and the price of timber remains the same, then timber will begin to replace steel; but unless we can get the figure, it is all rather vague.

Mr. Medland.—It is almost impossible to give you any figure because, if a house is to be built up country, you have to add to the price on the steel freight and other charges. On the other hand timber might be had on the spot.

President.—You think that the danger would be greater in the mufassal than in a place like Calcutta?

Mr. Medland.—I think so.

President.—It varies in different parts of the country.

Mr. Medland.—It depends on the availability of the timber. It is very difficult to give you any figure at which timber or other materials would begin to compete with steel. Take, for example, the case of a tank. Some one may decide to build a concrete tank in place of steel tank. It all depends on the price of materials.

President.—Are you in a position to say at present how the price of a concrete tank compares with that of a steel tank?

Mr. Medland.—I cannot at the moment say but I will let you have the information.*

President.—Have you got the figure?

Mr. Medland.—I will ask two or three people who make concrete tanks to let me have the price and I will give you also the comparative costs of iron and steel tanks of the same capacity.

President.—I take it that in certain cases cast iron also enters into competition with steel?

Mr. Medland.—Yes.

President.—Then, so far as masonry is concerned, it is much the same as timber.

Mr. Medland.—Yes.

President.—As regards this, you cannot give a figure as it varies from place to place?

Mr. Medland.—That is so. It all depends on the place where you can get your material from. I am particularly thinking of stagging for tanks, overhead tanks, etc. If masonry work is cheaper than steel, people would certainly use masonry. As the price of steel goes up, so the masonry would enter more and more into competition.

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* Not supplied.

President.—Then another thing has also been suggested to us, and that is that, if the duty on steel were raised to 33⅓ per cent. and the duty on wrought iron remained the same, for certain purposes, wrought iron would also begin to replace steel. Is that a question which you have considered?

Mr. Medland.—No, I cannot say I have.

President.—Do you use wrought iron in your works?

Mr. Medland.—Not to a large extent.

President.—I have only mentioned the point because it has been suggested to us. If on thinking it over you feel that you can give us any information, we shall be glad to have it.

Mr. Medland.—We will certainly do so if we have it.*

President.—You say that if these substitutions did take place, there would be an increase in unemployment. That does not necessarily follow. It might mean a transfer of employment from one place to another or one industry to another, but it does not follow that there will be less employment on the whole.

Mr. Medland.—Only as far as we are concerned. Unemployment in the steel constructional trade could not be compensated for by a demand for skilled labour in other trades. As an illustration, a rivetter or blacksmith out of work could not obtain work as a carpenter, or a raj mistry.

President.—I thought that you were suggesting that a social problem might arise out of that.

Mr. Medland.—No.

President.—In your answer to question 6, you have given us an approximate total outturn of work for which steel is a necessary raw material for a period of five years. Is that an estimate of the amount of steel actually used in the manufacture?

Mr. Medland.—Practically actuals.

President.—The steel that you would have to purchase in order to get your full outturn?

Mr. Medland.—Yes.

President.—At the most, it would be 1,000 tons a year. That is your maximum capacity at present.

Mr. Medland.—That is so.

President.—You have said that the principal consumers are Government Departments, Municipalities and so on. But taking on one side the Government and other public bodies and on the other private consumers, which is more important to you?

Mr. Medland.—Well, that would be very difficult to say because, although we might supply a private consumer, the work might be for Government. I will give you an instance. Take the case of water supply coming into any city in India. We might just be doing pipes for one of the big contracting firms. So I could not differentiate without asking them.

President.—Are your direct sales to Government Departments, railways and other public bodies more than your sales to private consumers?

Mr. Medland.—I will have to find out as I cannot give you an answer off-hand.†

President.—It is merely to get a general idea of the relative magnitude of the demand from public and private consumers.

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* The amount of wrought iron we use in our works is so small that such information as we could give would not be of any use

† For the current year, our sales to private consumers are very much in excess of our direct sales to Government Departments, Railways and other public bodies.

Mr. Medland.—Government have not placed very many orders this year. For this year, sales to private consumers will be more.

President.—But an allowance will have to be made for sales to private consumers which are going to be passed on to public bodies or Government?

Mr. Medland.—Yes.

President.—In your answer to Question 11, you say "We are of the opinion that protection should take the form of a bounty and not an increased rate of duty on raw materials (fabricated steel being in a very different category)." Why do you think that fabricated steel is in a different position from the structural steel manufactured by Tatas?

Mr. Medland.—I am not referring to that. I am only referring to the constructional steel made at home and sold out here as fabricated articles.

President.—From your point of view the steel manufactured by Tatas is a raw material?

Mr. Medland.—Yes.

President.—When you have made a tank out of it, it is a finished product?

Mr. Medland.—Yes.

President.—Take, for example, a pit head gear. From your point of view it is a finished product, but from the point of view of a colliery proprietor, it is machinery. His representation would probably be that the manufacture of pit head gears ought to be supported, if at all, by bounties, whereas coal was an entirely different matter.

Mr. Medland.—It is probably so.

President.—All I am suggesting is that, after steel is fabricated, it is one stage nearer the finished product, but still the distinction is not an absolute one and raw steel itself is the result of a very elaborate process of manufacture.

Mr. Medland.—Yes.

President.—Then you have suggested that, if the Government of India consider that protection is advisable, sufficient work at competitive prices should be placed by the Government of India in India to keep the established works fully occupied. What are the most important things that you make for which there is a fairly steady demand from Government? What I am getting at is, supposing this policy were adopted, what are the articles that Government will be likely to purchase pretty steadily?

Mr. Medland.—Government could keep us fully occupied with the tanks, which they require for railways.

President.—That would be a railway demand?

Mr. Medland.—Yes, but the Public Works Department and the Public Health Department also require tanks.

President.—Is there anything else for which there is a fairly steady Government demand?

Mr. Medland.—There is a steady demand from some railways for trusses for stations.

President.—That is structural work.

Mr. Medland.—Yes.

President.—The larger railway bridges would not go to you?

Mr. Medland.—No, we should not be able to do them even if we got them.

President.—When the demand, let us say, for any particular article is pretty constant from year to year, it is a practical proposition for Government to guarantee that for a certain quantity, tenders would be called for in India. But where there is no steady demand, it is much more difficult.

Mr. Medland.—Suppose that Government placed orders for so much structural steel in the country of any description, which may be required, firms in India would be more certain of being able to carry on.

President.—There is difficulty in a proposal of this kind, because afte all is there any obligation resting on Government to keep existing work fully occupied?

Mr. Medland.—I think it is necessary to protect them.

President.—You see the policy followed up till now has been in the main that Government buys in the cheapest market. That has been the policy hitherto. But if a policy were adopted of deliberately stimulating and encouraging industries on the ground that they could not flourish without assistance and also on the ground that eventually the industry will be able to stand on its own legs, that would mean a great deal more than keeping existing works employed. It would mean a steady increase in the number of works. What I am really criticizing is the precise wording here ' to keep the works fully employed." It seems to me very doubtful whether that in itself is a legitimate object.

Mr. Medland.—We feel very much that an increased duty on steel will take such a lot of work from us that we will not be able to run our works.

President.—You mean that the measures taken should be so arranged that the engineering trade was no worse off than at present as a result of any protection given to steel? But it goes a little further to say that the Government of India should make arrangements to keep established works fully occupied.

Mr. Medland.—If the existing works are not kept fully occupied, what are Tatas going to do with the outturn of their steel?

President.—Supposing the Government of India do adopt this suggestion and guarantee that they will call for tenders for a certain quantity of bridgework, etc., in India. The result would almost certainly be that the firms which had the most natural advantages would tend to extend their works, so as to get a larger proportion of the orders, and some of the firms would find that they could not compete and would find themselves less occupied.

Mr. Medland.—It will be to Government's advantage, as there will be more competition, and firms, who found they were not obtaining sufficient orders, would have to improve their works, or reduce overhead charges, in order to enable them to compete successfully for the Government orders

President.—I understand you rather welcome dumping in the case of your own raw materials. That is merely from your point of view, but Government can hardly endorse that, for if dumping is wrong in one case it must be wrong in another.

Mr. Medland.—The idea is that the cheaper we can buy steel, the more orders we shall be able to obtain, and if steel is dumped into India, it usually means that the prices at which we can purchase are kept low, and the consumer pays considerably less for his requirements, than if unfabricated steel is subject to a heavy duty.

President.—That is to say, if the railways, for instance, can buy, say, tanks cheaper their cost will be less and they will then be able to reduce railway freights. Of course, that is a perfectly consistent line of argument. You have mentioned in your second letter that you make steel pipes for water and oil. Is it in connection with the tanks that you make these pipes?

Mr. Medland.—Not necessarily—I had particularly in mind an order we received for steel pipes for new Delhi.

President.—Is that fabricated?

Mr. Medland.—Yes—we manufacture them out of steel plates by cutting, drilling, bending and rivetting them, and also rivetting flanges on them. This is a case in point, we received the order from another firm, but the work eventually went to Government.

President.—You do not make steel pipes for any special purpose?

Mr. Medland.—No.

Mr. Ginwala.—Can you mention any of the articles which you manufacture which are also imported or can be imported?

Mr. Medland.—Practically everything we make can be imported.

Mr. Ginwala.—Can you say whether they are actually imported at present?

Mr. Medland.—No, I can't say.

President.—I quite understand that you would not always be in a position to find out.

Mr. Ginwala.—There are certain things in your list which of course cannot be imported at all. Repairs to machinery—of course, that has to be done here.

Mr. Gaunt.—In some cases we might have to send for spare parts.

Mr. Ginwala.—The point is this that, if there are articles which you manufacture which can also be imported, and if the country adopted the policy of protection, a certain amount of protection would be needed for those articles specially if the price of steel went up.

Mr. Medland.—I think so.

Mr. Ginwala.—I see that in your representation at present you do not make any claim for protection for your manufactured articles. But perhaps you have not looked at it from the point of view I have suggested.

Mr. Medland.—Personally, I do not see how we can ask for any direct protection on any particular production.

Mr. Ginwala.—What you have mentioned are more or less specific articles—tanks, steel structures, etc. I take it that they include fabricated steel materials which can be separated.

Mr. Medland.—For the purposes of this enquiry I would describe fabricated steel as made to a drawing, whereas raw material is as it comes from the rolling mill.

Mr. Ginwala.—Chimneys also can be imported?

Mr. Gaunt.—Yes.

Mr. Ginwala.—If they are imported they will be imported as rolled steel plates which can be rivetted on here. The same argument applies more or less to bridges?

Mr. Gaunt.—Yes.

Mr. Ginwala.—Can there be any chance of a bridge, when imported, being mistaken for ordinary steel?

Mr. Gaunt.—I don't think so. The very fact of holes being drilled in the various sections and the beams will give the thing away. The same thing will apply to all structural material.

Mr. Ginwala.—These are your principal products?

Mr. Medland.—Yes.

Mr. Ginwala.—It has been suggested by other witnesses that there is a lot of foreign competition— they of course include Great Britain—in these various articles of fabricated steel. You say there is none so far as you are concerned.

Mr. Medland.—Not to our knowledge. We quote for a good deal of work and we never know where it goes.

Mr. Ginwala.—If you look at the statistics, take, for instance, beams, girders, bridgework, a considerable portion would be fabricated. Quite a big amount of these must be imported?

Mr. Medland.—We know there is a very large amount of merchant business in Calcutta for beams, pillars, etc. Whether the figures in the statistics include that we do not know. But if beams are brought into India and re-sold then I should say that it is raw material.

Mr. Ginwala.—If, as you say, beams and pillars are not fabricated material, then if the steel industry gets protection they will automatically get protection as steel. But there will be a certain residue of materials which are fabricated steel. The point is therefore whether any additional protection is required for this residue of imported articles in order that local industries may be able to compete against foreign manufactures. That is the point on which we want your view.

Mr. Medland.—As the price of steel goes up in India competition from abroad will increase.

Mr. Ginwala.—If it was taxed as steel merely, no distinction being made between fabricated and non-fabricated, you would be in the same position as the foreign competitor. But there is an additional element. According to the evidence of some witnesses local manufactures of all fabricated steel are at a disadvantage, as compared with the foreign manufacturer.

Mr. Gaunt.—Certainly.

Mr. Ginwala.—If you agree with this view, do you think that is an industry which needs protection?

Mr. Gaunt.—Yes, I should say so. There is one case I know of where fabricated steel came in from Belgium at a much cheaper price than we could quote.

Mr. Ginwala.—When was this?

Mr. Gaunt.—About 12 or 15 months ago.

Mr. Ginwala.—What was this?

Mr. Gaunt.—It was a contract for structural steel.

Mr. Ginwala.—Who were the parties?

Mr. Gaunt.—I cannot say that off-hand.

Mr. Ginwala.—You say you asked for quotations from them and your quotations were so high that you could not compete?

Mr. Gaunt.—Our quotation was about fabricated material. Our price was Rs. 13/8 per cwt. and the stuff was delivered in Calcutta at site (Continental material) for Rs. 10/8.*

Mr. Ginwala.—Can you give us more information about it?

Mr. Gaunt.—I shall look the matter up and let you know.

Mr. Mather.—You yourself could have fabricated from foreign material at Rs. 13/8?

Mr. Gaunt.—Yes.

Mr. Ginwala.—Supposing there was a question of protecting these particular articles that we are talking about: what form would you suggest it should take? Leave alone the price of steel for the moment.

Mr. Medland.—I am afraid, I must give it more thought. I cannot reply at the moment. I think this takes us back to question 11.

Mr. Ginwala.—I don't think we have got an answer.

Mr. Mather.—You suggested guaranteed orders, did you not?

Mr. Ginwala.—But that was only an alternative. Supposing it took the form of protection—no question of bounty or guaranteed Government orders, but a pure and simple question of protection—how do you suggest this protection should be given to these articles? You need not answer the question now if you think you have not given it sufficient thought.

Mr. Medland.—I will make a note of that. You simply wish to know our views if Government increased the duty on steel?

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* The information given by Mr. Gaunt is quite correct,—the fabricated material, as far as our information goes, was to be delivered in Calcutta at Rs. 10-0-0 per cwt. for columns, beams, and architraves, whereas we could not deliver the same and make a profit of 15 per cent. under Rs. 13-8-0 per cwt.

Mr. Ginwala.—Then, if it is a question of protecting these articles apart from the value of steel what form it should take. You can give in the form of *ad valorem* or so much per ton. If you can give us both so much the better.

Mr. Medland.—We shall give you that.*

Mr. Ginwala.—Can you give us any instances in which you did not get orders for bridge or for some other structural work because the foreign prices were lower than yours?

Mr. Medland.—This is what we have been told, but we have no evidence which we can put forward.

Mr. Ginwala.—I believe you said that your requirements of steel are about 900 tons a year?

Mr. Medland.—Yes, in a favourable year.

Mr. Ginwala.—Is it all imported steel or do you buy here?

Mr. Medland.—We buy here and some is imported.

Mr. Ginwala.—Do you buy from Tatas?

Mr. Medland.—We do not buy from Tata's direct, as their terms of business are too onerous,—they require half the value of the order down, and the balance against railway receipt, and do not give a guaranteed date of delivery. When we buy raw material locally, we purchase from the merchant firms.

Mr. Ginwala.—Is there any kind of steel that is not manufactured in this country that you use for your ordinary purposes?

Mr. Gaunt.—Trough plates for bridges: they are not manufactured by Tatas. I don't think they roll trough plates.

Mr. Mather.—They have recently started rolling plates but have not yet placed them in the open market.

Mr. Ginwala.—But they are only a small percentage.

Mr. Medland.—Trough plates are a very necessary thing for a bridge.

Mr. Ginwala.—How much would you require for a bridge?

Mr. Medland.—It depends so much on the design and width of the bridge.

Mr. Ginwala.—In that case a certain amount of structural material will have to be imported?

Mr. Medland.—That is so.

Mr. Ginwala.—So that supposing structural work was protected would you recommend that that ought to be excluded?

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* In our opinion, protection to fabricated steel should be by an increased duty per ton, and not *ad valorem*, for the following reasons :—

> It is possible that foreign countries, who desired to export to India fabricated steel, might give their manufacturers a bounty equivalent to the amount of duty placed by the Government of India on imported fabricated steel, if protection was given by means of an *ad valorem* duty, as the cheaper steel was produced, the less onerous the duty would be. We, therefore, are of the opinion that if the Government of India think it necessary to protect the steel industry of India, it should be done by an import duty at the rate of so much per ton on fabricated material, irrespective of what it cost the exporting country to produce the steel, and this rate should not be less than the difference between the price at which British and Continental fabricated steel can be landed by a purchaser. It may be found necessary to fix this amount on a sliding scale, as for instance, assuming at present that a similar fabricated article would cost landed in India, made of British steel £12-10-0 per ton, and Continental steel £11-0-0 per ton, the duty should be £1-10-0 per ton on the Continental manufactured article—the duty we suggest would vary according as the prices varied. We are not of course in a position to state whether this duty would realise a sufficient sum to pay a bounty on the steel produced in India.

Mr. Gaunt.—I suppose so.

***Mr. Ginwala.*—With regard to the houses, there is no special kind of steel used that cannot be manufactured here?**

***Mr. Gaunt.*—The only thing that cannot be manufactured at present is galvanized sheets (corrugated sheets).**

Mr. Ginwala.—What puts you at a disadvantage compared with the Home manufacturer? Is there any special disability from which you suffer?

Mr. Medland.—I should say that the larger firms at Home, who sell both fabricated steel and are rollers of the raw material, have a considerable advantage, as they may be able to make a profit on the manufacture of the raw material, and also on the fabricated material, or on the other hand, when it is a case of competition, forego one profit or the other.

Mr. Gaunt.—There are certain firms who make standardized articles. They produce them in large quantities and therefore can produce them cheaper than what we can.

Mr. Ginwala.—Is there a large enough demand for these standardized articles in this country for mass production, remunerative or specialized manufacture?

Mr. Medland.—When it comes to a big contract it generally goes home. Take the case of the Corporation water supply pipes. We could undertake it but we did not get the work.

Mr. Ginwala.—Did you tender for it?

Mr. Medland.—We never knew that they had called for tenders. I think I can give you the result of the tenders. As a result the Cleveland Bridge Co. got the tender for £330,000, I think.

Mr. Ginwala.—Taking the question of bounties, have you considered what it would cost to pay a bounty on steel?

Mr. Medland.—At what rate?

Mr. Ginwala.—Take it at 33⅓ per cent.; if we take Rs. 150 as an all round price of steel rails, the bounty works out to Rs. 50 per ton.

Mr. Medland.—Tata's have already got an advantage in freight and duty and other charges.

Mr. Ginwala.—They now claim this in addition to these advantages. At present they have got 10 per cent. protection. They want an addition of 23⅓ per cent. which works out at about Rs. 35 a ton extra. They say they are going to produce 400,000 tons: that means that a bounty of Rs. 140 lakhs will be required.

Mr. Medland.—I think that if they can produce all the steel that India wants, there is no need to import it.

President.—Apparently 400,000 tons is not the whole of the quantity required by India. It is probably less than half of the total requirements of India.

Mr. Ginwala.—When India gets all the steel she wants locally there can be no question of any bounty or anything like that. She would then stand on her own feet.

Mr. Medland.—They have got competition from foreign products. If you put any duty on the imported material it would not have the same effect as it would have when India could produce the steel she wanted.

Mr. Ginwala.—Can you suggest any method by which the Central Government can find this sum of Rs. 1·40 crores roughly?

Mr. Medland.—We would suggest the duty on Continental steel should be sufficient to make the cost in India equal to British manufactured steel, and the duty on fabricated steel raised to a rate at which it could not be imported in competition with Indian fabricated steel.

Mr. Ginwala.—As much Continental steel is not imported just now as some time ago.

Mr. Medland.—It may be.

President.—According to the trade returns it has fallen off during 1922-23.

Mr. Medland.—There is not the same work being done in India. We are not doing so much work now as we used to do in earlier years.

Mr. Ginwala.—There is very little however imported from the Continent. Do you think Continental steel is sometimes shipped from the Continent to the United Kingdom and then sent out here?

Mr. Medland.—We cannot say that of course.

Mr. Mather.—English steel is sometimes sent first to a Continental port in order to get a lower freight.

President.—I do not understand why the Continental manufacturer should send his steel to the United Kingdom in the first instance when freight from Continental ports is slightly less than from British ports.

Mr. Medland.—To get an additional price for the material.

Mr. Ginwala.—In 1920-21 practically all the countries, United States, Belgium and Germany, sent a lot of steel to India but it has been steadily going down.

Mr. Medland.—And the trade also has been steadily going down.

Mr. Ginwala.—But I do not think there is a falling off in the total quantity imported: it is not very marked.

Mr. Medland.—I have not seen the figures.

Mr. Ginwala.—I want you to suggest the means of getting this very large sum of money required to be paid as a bounty. One of the suggestions made to us was that we should release steel used as raw materials as far as possible from the tariff and put an additional tariff on fabricated steel.

Mr. Medland.—That is protecting everybody: it is certainly fair.

Mr. Ginwala.—What articles do you specially suggest?

Mr. Medland.—Any fabricated steel.

Mr. Ginwala.—Apart from the fact whether it is manufactured in this country or not.

Mr. Medland.—The difficulty comes in only when you take the question whether fabricated material is to be treated as a raw material to suit everybody's satisfaction.

Mr. Ginwala.—The greater difficulty is this: there are a certain number of fabricated materials which are manufactured in this country. We can understand if you ask for protection on these, but if you ask that all fabricated materials, whether manufactured in this country or not, ought to be taxed it is a different proposition altogether.

Mr. Medland.—I do not follow.

Mr. Ginwala.—Why should any article, that is not manufactured in this country or has got no reasonable chance of being manufactured in this country, be made dearer to the consumer?

Mr. Medland.—Take, for instance, trough plate. It would be a raw material and there is no prospect of that being produced in this country. That should come in as a raw material and would not stand a heavy duty, but if it comes in the form of a completed bridge, that should pay the extra duty.

Mr. Ginwala.—If it came as a bridge would it not be possible to claim it as raw material?

Mr. Medland.—I don't think so, as, if it were raw material, it would probably be in stock sizes and undrilled, whereas, if it were part of a bridge, it would be drilled for rivetting, and the holes would show that it was fabricated material.

Mr. Ginwala.—It has been suggested to us that we can get this money for the payment of bounties by putting a higher duty on fabricated products. By fabricated articles I mean not all fabricated articles but such of them as can be reasonably manufactured in this country.

President.—A higher duty on fabricated materials, it was suggested, would not only produce the money required for paying bounties but would also protect the manufacturers of fabricated stuff. Mr. Ginwala's point is that, if you impose that higher duty indiscriminately on articles not manufactured in India, there would be nothing to protect in that case.

Mr. Ginwala.—That is not a course which a business man would put forward. It would merely send up prices.

Mr. Medland.—I do not quite see how it affects the steel trade.

President.—Mr. Ginwala is merely putting to you a suggestion that was made to us. It is for you to give your opinion on it. It is merely at the stage of suggestion and no more.

Mr. Medland.—I will give it my consideration and let you have a note. So far as the steel business is concerned it must be either raw material or fabricated. I cannot see any other alternative.

Mr. Gaunt.—Mr. Ginwala's point is that in the case of trough plates which are not manufactured in India there is no need to put a duty on it.

Mr. Medland.—Why should there be any difference? If we are going to manufacture a bridge that comes in as a raw material.

Mr. Ginwala.—You cannot have it both ways. If you are going to manufacture bridges here, you are expected not to import them.

Mr. Medland.—Suppose we obtained the order for a bridge, and owing to circumstances, we decided to import the fabricated bridge—why should it not bear the higher duty? The price quoted would allow for that, and, if the order were placed under these conditions, I do not see that anybody would be any worse off. The Government would obtain the money for protection purposes. We should make our profit on the work, and our customer would obtain what he required. Of course it must be assumed that the circumstances under which we should import a bridge would have to be abnormal, as we do not lay ourselves out to do an "order suppliers" business, as we like to put as much work through our shops as we possibly can because the more employment we can offer to Indians (being an Indian registered Company) the better it is, we think, for the country in general.

Mr. Ginwala.—This trough plate—it is a fabricated article though it may come in as unfabricated?

Mr. Medland.—If it comes in as part of a bridge I would tax it: if it comes as a trough plate to make it into a bridge, I would let it come as a raw material.

Mr. Ginwala.—The case has been put to us thus: "Here are these materials we are manufacturing in this country. If you put on an additional tariff on them you will get so much revenue for the purpose of protecting these articles as well as for finding money for the bounty."

Mr. Medland.—I have not gone into the question.

President.—It is always very difficult for a firm with a very miscellaneous business to express an opinion on this.

Mr. Ginwala.—If you cannot give us figures as to how much money we can get, you can at least say what are the articles on which you want protection.

Mr. Medland.—We shall have to put in everything we manufacture.

Mr. Ginwala.—If you manufacture an article once in ten years or manufacture it occasionally you cannot include it, but if it is an article which you manufacture on a fairly reasonable scale and for which there is a reasonable demand in the country, you can include it and suggest that it ought to be protected. You can give us a list of the articles for which there is a general demand in the country and on which an additional tariff ought to be placed for the two purposes I have mentioned.

Mr. Medland.—I think we might.*

Mr. Ginwala.—May I take it that, so far as the labour conditions go, you are at no particular disadvantage? I think Indian labour is available?

Mr. Medland.—We probably have to train some of it.

Mr. Ginwala.—It is a difficulty which is not insuperable?

Mr. Medland.—No. It is a question of supervision.

Mr. Ginwala.—May I take it that the majority of your workmen are Indians in your business?

Mr. Medland.—Practically all our workmen are Indians. It is merely for supervision that we have got Europeans.

Mr. Ginwala.—Would you have any objection to giving us the relative cost of the European supervision and the total wage bill. Other firms have given it to us.

Mr. Medland.—Do you mean supervision?

Mr. Ginwala.—The proportion of European and Indian labour and the relative cost.

Mr. Medland.—Yes. I shall send the information.†

Mr. Ginwala.—Yours is a limited liability company. Could you tell us what your capital is—your subscribed capital?

Mr. Medland.—Rs. 2½ lakhs—ordinary capital. Rs. 1,14,100—preference shares.

Mr. Ginwala.—Are there any Indian shareholders in your company?

Mr. Medland.—There are seven ordinary shareholders, of whom one is an Indian, and another, the Official Trustee of Bengal. I am unable to say whether he is acting for a European, an Anglo-Indian, or an Indian.

There are 30 Preference Shareholders, of whom, as far as we are aware, 5 are Indians.

Mr. Ginwala.—Are there any Indian Directors in your company?

Mr. Medland.—None.

Mr. Ginwala.—There is one further question about the substitution of timber. Have you realised that it is an argument which may be carried too far—this substitution of timber for steel—because so far as the country is concerned, timber is a very great asset to the country itself, and if you suggest that timber can be substituted for steel it may in itself become an argument for putting on a very heavy duty on steel, especially structural steel.

Mr. Medland.—That may be so, but at the same time there are certain uses to which steel is put, that timber is entirely unsuitable for, *i.e.*, large buildings, such as are being erected in Calcutta at the present time, well curbs, etc.

Mr. Ginwala.—You have mentioned some of the articles in which timber may be substituted for steel especially for house construction.

Mr. Medland.—Yes, for structural work of that description.

Mr. Ginwala.—Is the amount of material used for houses a very large proportion of the total structural steel imported into the country?

Mr. Medland.—I cannot give you those figures at all: I have no idea.

Mr. Ginwala.—So far as the bigger structures are concerned is there much chance of timber being used instead of steel?

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* Not supplied.

† The proportion of supervision to labour for the year 1922 was 22 per cent. This does not include any management, salaries or expenses, but it is the relative cost of European and Anglo-Indian supervision over labour.

Mr. Medland.—I do not know. It is a question of prices.

Mr. Ginwala.—Take Calcutta, for instance: do you use timber for building these very heavy structures?

Mr. Gaunt.—No. There are certain limits.

Mr. Ginwala.—Structural steel is used not so much in the country as in the bigger Presidency towns, where there is a tendency for building stronger and heavier structures?

Mr. Medland.—Yes.

Mr. Ginwala.—So that the risk is not so very great as you seem to think?

Mr. Medland.—I am not quite prepared to agree with you on that point. You see that orders for heavy structural materials and big contracts go home, and the small contracts which we may get out here are generally from upcountry and large quantities of timber might be used.

Mr. Ginwala.—Even for smaller contracts do you use a considerable amount of steel?

Mr. Medland.—Yes. But if timber is cheaper bungalows for tea gardens and other buildings might be built of timber.

Mr. Ginwala.—Take these few years in which the price of steel was very high. Take the war years and 1920-21, which was a golden year for people who had business in steel, and even subsequent years when the price of steel was very high. This is fairly a long period. There was not so much tendency during this period to substitute timber for steel.

Mr. Gaunt.—During the period mentioned (by Mr. Ginwala) money was very plentiful, and the cost was not considered in the same way as it is at the present time, when money is nothing like so plentiful.

Mr. Ginwala.—You cannot say that during these ten years when the price of steel remained relatively high timber has been substituted for steel so far as your experience goes?

Mr. Medland.—No, I have no information as to the amount of timber used for constructional purposes, nor of the amount of timber used in preference to steel.

Mr. Ginwala.—Now with regard to Government orders. Is it not a different way of putting on a tariff?

Mr. Medland.—It is a question of preferential treatment.

Mr. Ginwala.—Do you actually draw any real distinction? We are talking of Government orders. We are not talking of railways which are not Government railways. If Government gives you preferential orders is it any way cheaper to the Government than if they put on a tariff?

Mr. Medland.—I do not think we have been asked to put the Government's point of view of it.

Mr. Ginwala.—Would it be cheaper for the Government? The Government is the purchaser. They can buy an article for Rs. 100 in the cheapest market. If they have got to buy from you at Rs. 120 they have to find Rs. 20 more. Instead of that they will pay 20 per cent. duty. Then they will be compelled to buy it from you. It costs Rs. 20 either way.

Mr. Medland.—It is a way of protection.

Mr. Ginwala.—Then why do you suggest that Government orders are an alternative? What is your reason for asking for protection in this indirect form?

Mr. Medland.—I take it that Government can give us orders at the market rate or give us a rebate on the duty on the material. If the price of steel goes up to an extent at which people cannot use it, it means that certain firms have to reduce their staff or go out of business.

Mr. Ginwala.—That is a thing which may or may not happen. Our past experience does not suggest that people have given up using steel for the last ten years when the price of steel was high. So judging from experience it may or may not happen.

Mr. Medland.—Yes: it may not happen.

Mr. Ginwala.—Why do you suggest that you have special preference for Government orders instead of protection?

Mr. Medland.—Because if Government and private people do not place orders with us—if Government gets their stuff from Home and if people find construction by timber cheaper—how are we to go on?

Mr. Ginwala.—Then the simple course to propose would be to put on a tariff so that both of them place orders with you.

Mr. Medland.—Private people may not.

Mr. Ginwala.—If a tariff is put on why do you want Government to give you preferential orders?

Mr. Medland.—So that we may get enough work.

Mr. Ginwala.—How long can Government keep you going? There are 41 engineering firms. Supposing Government distributed work among these firms I am sure that will not keep your works going for long. Supposing Government makes up its mind to-morrow and distributes its work in proportion to the capital of each firm.

President.—I think that was hardly the suggestion in that portion of the representation. They only say "sufficient work at competitive prices." Work would not be distributed in proportion to the capital of each firm.

Mr. Medland.—If Government place enough orders that would not happen because, even supposing that one firm gets all the orders, it cannot manage to meet them by itself and will give part of the orders to somebody else. It will be a case in which one firm undercuts everybody else.

Mr. Ginwala.—There would be left still a number of firms which would be without work unless the private consumers also were compelled to place their orders with them.

Mr. Medland.—Private consumers will always be able to give a certain number of orders. When an engine breaks down it must be urgently repaired. There will always be work of this sort.

Mr. Ginwala.—But I think my point is a little different. Why do you suggest this as an alternative? It is not cheaper for the Government. It is not the best thing for you because even, assuming that the Government did it, it cannot possibly find work for all the 41 firms.

Mr. Medland.—But the private consumer would decline to buy it if the price of steel is high. He will use some other alternative.

Mr. Ginwala.—I do not understand your alternative.

Mr. Medland.—As I have said if he finds timber cheaper than steel he will use timber.

Mr. Ginwala.—There are several things which cannot be manufactured except out of steel.

Mr. Medland.—If he wants to put up a bungalow he will put it up in timber if it is cheap.

Mr. Ginwala.—Even Government can do that—leave alone all special articles.

Mr. Medland.—Yes, but if Government does so, it will lose both in duty and also income tax on the profits of Companies, and the Tata Iron and Steel Company will lose the sale of their productions.

Mr. Ginwala.—Why do you say that it is only Government that should give you orders?

Mr. Medland.—I do not say that for the moment. If you get work from Government that means that you will get it eventually from private persons.

Mr. Kale.—You say that the increased duty must be eventually passed on to the consumer. Will that always happen?

Mr. Medland.—At present the engineering business cannot share the slightest proportion of it.

Mr. Kale.—Is it not possible that on account of competition among the Indian Engineering firms some of the increase would be distributed among the firms themselves?

Mr. Medland.—It is possible, not probable at present.

Mr. Kale.—Without going into the question of substitution of timber for steel, I want to put to you one aspect of the question. It is this. Have you realised that the use of structural steel has become more extensive in the country because people are realising the special fitness of structural steel for certain purposes? So that people will be prepared to pay slightly more even if the price of steel is raised on account of a protective duty.

Mr. Medland.—I am not prepared to give an opinion on it.

Mr. Kale.—So far as I have seen, in the country generally people have come to realise that steel is a better material on account of some special qualities it possesses, for instance, resistance to fire and consequently they will be prepared to pay a higher price for structural steel rather than go without it and use timber. Have you ever considered this aspect of the problem?

Mr. Medland.—When they find the price of steel going up high they won't use it. Whether 33⅓ per cent. duty is too much I do not know.

Mr. Kale.—About 50 per cent. of the cost of structural materials is the cost of steel, so that the increase to the consumer in the price of structural steel would be, say, about 12 per cent. if there is a rise of 23⅓ per cent. in the cost of steel. My point is: will the consumer be deterred from the use of structural steel by an increase in the price of steel? Will not the consumer balance in his mind the higher price of steel against the special qualities of steel for structural purposes? I am putting it to you that in view of the situation which seems to me to be conclusive in the majority of cases, people will not substitute timber in place of steel because they understand the peculiar utility of steel for certain purposes for which timber will no longer be used, so that the adverse effect is likely to be minimised. To that extent steel will continue to be used and the demand for steel, as I may put it, is inelastic. You cannot reduce the demand unless the price is put up very high.

Mr. Medland.—That is the figure which we should like to know. Where is the line to be drawn?

President.—It is for you to give an opinion. Professor Kale is putting the point to you.

Mr. Medland.—I cannot give you an opinion when the ordinary steel purchaser will think that the price of steel is too high.

Mr. Kale.—Take the new houses that are being constructed in Calcutta. They are putting up steel frames everywhere. Do you think that if the price of steel goes up by 33 per cent., these people will use timber?

Mr. Medland.—In those cases they won't.

Mr. Gaunt.—They might use reinforced concrete.

Mr. Kale.—We are considering this question of protection for steel, and for structural materials and other things that are manufactured from steel from the larger point of view of the industrial development of the whole country, and the problem before the Government and the Legislature will be a choice—if a choice is to be made—of a sacrifice on behalf of a basic industry like the steel manufacturing industry and other industries which use steel. If there is a choice between these two, to which would you give preference? From your point of view, naturally you would like to protect yourself against any increase that may take place in the price of your raw material, but looking at the question from the national point of view there is on one side the basic industry of steel manufacture and on the other there are other industries which use steel as raw material. If Government and the Legislature want to protect the industries of the country, will they not overlook the little sacrifices of the other industries rather than see the basic industry of steel manufacture die out? I hope you have been able to follow me.

Mr. Medland.—Partly, and partly not. But I am not quite clear as to your meaning. I take it you say that if Government decide to protect the basic industry, the other people have got to give way.

Mr. Kale.—The Government and the country have to consider this question, *i.e.*, the larger question.

Mr. Medland.—You cannot expect us to go into that.

Mr. Kale.—I want to place this aspect of the question before you. You are naturally looking at the question from your point of view. You are perfectly right. I am putting to you the other aspect of the question at which the people as a whole or the Government are likely to look.

Mr. Medland.—In a case like this, we should have to be assured that protection was absolutely necessary which is not the case at present.

Mr. Kale.—That, of course, has to be assumed.

Mr. Medland.—We have not got the information, but from our point of view we have made out a strong case for your consideration. The other industries also have spent money as Tatas' have done.

Mr. Kale.—I am coming to that. You say "We do not consider that further protection for the steel industry is necessary." What are your grounds for making this emphatic statement?

Mr. Medland.—It is better for the country and for business that steel should be as cheap as possible.

Mr. Kale.—You say that further protection for the steel industry is unnecessary.

Mr. Medland.—That is our opinion. It is already protected by 10 per cent. and there is freight and insurance from an English port to Calcutta and it does not require any more. If the steel industry cannot stand with this protection, it will be a serious thing.

Mr. Kale.—You will not show any special consideration to a new industry in the peculiar circumstances in which it finds itself placed?

Mr. Medland.—No. They have gone into extensions and spent a lot of money on plant and extension which a good many people would think thrice before doing. If we had done the same in 1921 and spent large sums of money and then come to Government and said that we could not make our business pay, it would not be reasonable.

Mr. Kale.—Do you mean to say that the claim put forward by the Tata Iron and Steel Co. for protection is a claim which is not justifiable by the circumstances?

Mr. Medland.—I would not like to say that. I think we have clearly stated that steel should be available at as cheap a rate as possible, even to washing out the present 10 per cent. duty or reducing it as far as possible.

Mr. Kale.—Looking at it from the point of view that it is a raw material, you are perfectly right; but steel is also a manufactured commodity and, if India wants to have a steel manufacturing industry, we ought to consider whether it should not be protected in the circumstances in which that industry is placed.

Mr. Gaunt.—We agree with you there, but it seems to me that by granting protection to the extent it is now proposed, there will be no competition in India as regards steel and the effect will be to place the industry in an unusually favourable position for the benefit of the shareholders who will get a much bigger percentage.

Mr. Kale.—Don't you think that if this one industry succeeds other firms which at one time started making steel will begin to manufacture steel and they will be encouraged to manufacture steel? Don't you think so?

Mr. Gaunt.—That is a question which is dependent on other conditions. The others also must have the same natural advantages of coal and iron mines.

*Mr. Kale.—There are firms in Calcutta which have their coal and iron mines and they are favourably situated from that point of view. Don't you think that they will begin to manufacture steel.**

Mr. Medland.—One firm gave it up—the Bengal Iron and Steel Co.

Mr. Kale.—Your claim is that your raw materials should be as cheap as possible and if the price of your raw materials goes up, you should be compensated for the increase in the price of those things. That is perfectly reasonable.

Mr. Medland.—We say that, if you put up the price of steel, we are bound to lose because people won't use steel and will take to some other article. If it comes to that, then we are bound to lose a certain amount of business which no amount of protection would compensate.

Mr. Kale.—I tried to lay before you the larger national point of view and I say—on the one hand, here is an industry in which 22 crores have been invested and on the other hand, take all your engineering firms the total capital of which will amount, I suppose, to 8 crores. The question is whether these 22 crores ought to be protected or not without doing much injury to the 8 crores.

Mr. Gaunt.—But these 8 crores are much more carefully invested. There is another point of view. On one side you have this 22 crores and on the other the 8 crores. You will have to see which is of more service to the country at the present time.*

Mr. Kale.—Your industries are manipulating industries while the other industry is a basic industry and it is a new industry altogether. It was tried in the past and failed. Here is a new attempt made on a very large scale. Your industries are comparatively subsidiary industries. In view of this, is it not essential that the basic industry should be protected and, if other industries suffer, they should be compensated to the extent to which they are likely to suffer?

Mr. Gaunt.—It cannot be said that the steel industry has altogether failed. I was in 1908 in the Cossipore Shell Factory, and they were making steel at competitive rates.

Mr. Kale.—That is a Government factory.

Mr. Gaunt.—Yes, it is not a private enterprise and it used to manufacture steel at competitive prices.

President.—Our information is that it has been, or is being, closed down.

Mr. Mather.—I don't think that you could say that steel was manufactured at competitive prices.

Mr. Gaunt.—It was Rs. 5-4-6 per cwt. before the war.

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*In reply to Mr. Kale's question, we are not in a position to question the accuracy of the figures given, but we should like to know whether the 8 crores supposed to be invested in the "engineering firms" is the "nominal capital," "subscribed capital" or "paid up capital," and whether it includes the reserves that have been made by the various firms, which would also have to include any undivided profits. Another question that would have to be taken seriously into consideratiin is, as to how the capital of 22 crores and the 8 crores have been invested—which has been invested to the better advantage We are inclined to think that a certain proportion of the 22 crores could have been better invested and more benefit obtained by careful consideration being given to prices at the time the money was spent, and if more deliberation and forethought had been employed in selecting suitable plant for the results required. Another point not to be lost sight of is which is of more service to the country—as without the "manipulating services," the basic industry is useless and could not carry on, whereas the "manipulating services" can carry on to the benefit of the country and themselves on imported material.

Mr. Kale.—Is it not a significant fact that even engineering firms, which have been run successfully for a long time, are placed in such a bad position to-day that they want Government to place orders in *this country? They* also want encouragement to tide over the present *difficult times. If this is* the position of engineering firms, which have been established for a very long time in this country and have carried on successfully and profitably, how can you expect a new enterprise to pay its own way without similar Government assistance?

Mr. Kale.—Are you aware that there are certain firms which have asked that Government should place orders at competitive prices in this country? duty is to be imposed on steel, then we would require them.

Mr. Kale.—Are you aware that there are certain firms which have asked that Government should place orders at competitive prices in this country?

Mr. Medland.—We have ourselves asked for that, subject to the increased duty on raw materials. We are not asking Government to pay anything definitely.

Mr. Kale.—Will you be surprised if I tell you that there are firms which are asking for the placing of orders in this country even under the present circumstances on the ground that they are unable to compete with the British manufacturers?

Mr. Medland.—We are not doing it ourselves. We do not manufacture one particular class of product. Those who specialise, for instance Messrs. Burn & Co. for wagons, found it necessary to do so.

President.—Wagons are a very special case. They have got only one class of purchasers and so they have asked for Government orders.

Mr. Kale.—A suggestion has been made that Government should guarantee the purchase of structural work as well.

Mr. Medland.—I don't know.

Mr. Mather.—Do you use many steel castings in your industry?

Mr. Medland.—Very few.

Mr. Mather.—Do you make shafting?

Mr. Medland.—Yes.

Mr. Mather.—Do you make that from imported steel?

Mr. Medland.—Yes.

Mr. Mather.—In what form do you import it?

Mr. Medland.—In round black bars.

Mr. Mather.—Approximately what size is it?

Mr. Gaunt.—Anything from as low as an inch up to 15 inches.

Mr. Mather.—Have you tried to get that steel in India?

Mr. Medland.—No, if the Tata Iron and Steel Co. are in a position to supply blooms up to 15 inches in diameter, we were not aware of it. We have never asked them if they could supply.

Mr. Mather.—So that you don't buy your steel in India, but you buy direct from England?

Mr. Medland.—When we have asked Tatas to quote us for the material we require, we have received a quotation with a printed form of "terms of business" which practically preclude us from ordering direct, for the reason that they require half the cost with order and the balance against railway receipt, and offer no guarantee of delivery.

Mr. Mather.—But so far as we know, Tatas' programme will be complete soon and you may be able to get steel suitable for shafting from them. They will be producing about 400,000 tons a year of steel of different kinds.

Mr. Medland.—Our present arrangement might perhaps be cheaper.

Mr. Mather.—Has your experience been this: that you have not bought direct from Tatas because of the terms?

Mr. Medland.—Not exactly that. They are not able to guarantee delivery.

Mr. Mather.—That is really your biggest trouble?

Mr. Medland.—Yes. If we cannot buy in the local bazar we import. If we ask Tatas', they say, "We expect to do so in a month's time."

Mr. Mather.—As I said before, it had probably been due to circumstances which made it difficult for them, but in the next two or three years they might be able to overcome these. Where do you import your steel from? Do you get it from London or the Continent, or do you buy in Calcutta?

Mr. Medland.—Sometimes we buy from merchants here.

Mr. Mather.—When you buy from merchants here, you find you sometimes get Tata's steel. How does it serve your purposes?

Mr. Medland.—So far, there have been no complaints.

Mr. Mather.—Have you found it satisfactory?

Mr. Medland.—Yes.

Mr. Mather.—When you order the steel to be imported specially on your account, do you use British steel or Continental steel?

Mr. Medland.—That depends on the circumstances. If we have Government orders or orders from railways mentioning special British steel and on special specifications, we ask for it from our Agent in London. If it is an ordinary order where cheap steel will do, we use whichever is cheaper and if the order is dependent on delivery, whichever is delivered first.

Mr. Mather.—Can you tell us what the prices are that are current now in Calcutta for ordinary steel plates, beams, bars, etc.

Mr. Medland.—I will give you by letter—c.i.f., Calcutta.*

Mr. Mather.—And the prices at which you can buy.

Mr. Medland.—Yes. We have our Agent in London who always sends us prices—c.i.f. Calcutta.

Mr. Mather.—In those cases is it specified whether the steel is Continental or British, and are the prices also separately mentioned?

Mr. Medland.—Yes, separate prices and also dates of delivery.

Mr. Mather.—Can you tell us also how those prices compare with the prices you would have to pay if you bought them from a merchant in Calcutta? What I am trying to get at is the current market price in Calcutta.

Mr. Medland.—You cannot altogether say that the bazaar rate is such and such—so much depends on your standing in the bazaar, and when the merchant receive their money. Generally, it might be said that the sooner you pay, the cheaper you can obtain the material—of course, within certain limits.

President.—In your answer to question 10, you said—"We do not consider that any of the products of which steel is the principal raw material,

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*Date.	Material.	British. £	s.	p.	Continental. £	s.	p.	
13-9-23.	Joists	9	17	6	8	11	0	per ton.
	Angles	9	17	6	8	11	0	„ „
	Bars ⅜" and up	10	2	6	8	13	6	„ „
	Plates ⅜" and thicker	10	7	6	9	7	0	„ „
20-9-23.	Joists	9	17	6	8	11	0	„ „
	Angles	9	17	6	8	11	0	„ „
	Bars ⅜" and up	11	2	6	8	18	6	„ „
	Plates 3/16" and thicker	10	7	6	9	7	0	„ „
27-9-23.	Joists	9	17	6	8	16	0	„ „
	Angles	9	17	6	8	16	0	„ „
	Bars ⅜" and up	11	2	6	9	3	6	„ „
	Plates 3/16" and thicker	10	7	6	9	12	6	„ „

requires protection in any form whatever, beyond the protection it is already in receipt of, at the present time." Do you adhere to that answer or in view of the questions that have been asked to-day, do you wish to modify that at all?

Mr. Medland.—Not under the present conditions.

President.—That is to say, on the assumption that things remain as they are?

Mr. Medland.—Yes.

President.—On that assumption you adhere to that?

Mr. Medland.—Yes.

President.—Then you have told us at the beginning of your statement. "We consider that if the duty on steel (not fabricated) is raised from 10 per cent. to 33⅓ per cent. it will very seriously adversely affect the operations of our business to a very large extent"—you go on to explain—"by the substitution of other materials."

Mr. Medland.—That really means loss of work.

President.—I take it that the increase of duty on raw materials of 33⅓ per cent. would mean a much smaller increase in the price of the finished product. When you turn out your finished product, it will be something less than that?

Mr. Medland.—Not very much, if the duty acts as an increase of 33⅓ per cent. on 60 per cent. of the materials.

President.—Mr. Ginwala mentioned to you the suggestion that was made to us that, as far as possible, the raw steel should be left without any duty but should be assisted to the extent necessary by bounties, but that a higher import duty should be levied on the finished products of the engineering industry or on some of them.

Mr. Medland.—The duty should be put on them so that money could be raised for giving bounties!

President.—In one case they proposed a duty of 50 per cent., in the second case 33⅓ per cent., and in the third case only 25 per cent. on structural steel, etc. I take it that if the result of that was to raise the price of your products, the result would be just as unfavourable as the duty on raw materials?

Mr. Medland.—It would certainly raise the price of our products.

President.—In order to keep your market, or in order not to reduce your market, you would have to go on selling at about the present price?

Mr. Medland.—That is so.

President.—You could not afford to increase your price because people would start buying some other articles?

Mr. Medland.—At the present moment they will, but not under better financial conditions.

President.—It will be for you to say. I am putting these points to you because they are relevant in connection with this particular proposal that a duty should be put on the finished product of the engineering industry.

Mr. Medland.—We are of opinion that, to meet the bounty, money should be raised by taxing more heavily the fabricated materials than the raw material.

President.—If the duty is raised to any considerable extent, it would of course be open to the manufacturers to raise their prices.

Mr. Medland.—Suppose they did, the same thing comes in. It means competition again.

President.—In estimating the amount of money that would be likely to be raised by these higher duties, we have to make a substantial cut from the existing consumption.

Mr. Medland.—I think so, if the duty is put on.

No. 23.

Indian Engineering Association, Calcutta.

WRITTEN.

Statement 1.—Original Representation from the Indian Engineering Association, Calcutta, dated the 13th September 1923.

With reference to your letters No. 36, dated 17th July 1923, and No. 203, dated the 5th September 1923, I am now directed to submit a memorandum by the Indian Engineering Association on the question of extending protection to the Indian Steel Industry.

2. I am to add that if the Board wish the Association to supplement the memorandum by oral evidence the Chairman (Mr. A. Cameron, M.I.M.E.), and, if necessary, another representative will be prepared to tender such in due course.

Memorandum by the Indian Engineering Association with reference to the Tariff Board's press communiqué, dated 17th July 1923.

In the second paragraph of the Tariff Board's press communiqué, dated the 17th July 1923, it is stated that the primary question to be examined by the Board is "Whether the circumstances of the steel industry are such as to justify protection being extended to it and, if so, what should be the nature and extent of the protection given. But the Board have also to take into account the effect which any measures they recommend may have on industries dependent on the use of steel and in particular the industries which manufacture wagons, locomotives, and other railway requisites. It will be necessary for the Board to keep this aspect of the case constantly in mind throughout their enquiries, and it will greatly facilitate their work if those interested in the industries referred to will submit statements of their views as soon as possible."

2. The members of the Indian Engineering Association are very deeply interested in the industries based on the steel manufacturing industry. For the Association comprises forty-one engineering firms and companies located at Calcutta, Bombay, Madras, Rangoon, Karachi, and elsewhere in India. It has been in existence for nearly twenty-eight years, and it may justly claim to be a body thoroughly representative of Indian engineering in all its aspects. The Committee have consulted the members of the Association on the subject of the investigation which the Tariff Board has undertaken; and they will now endeavour to define as briefly as possible the opinions held by members.

3. The question at issue is whether the circumstances of the Indian steel industry are such as to warrant protection being extended to it, and, if so, what should be the nature and extent of the protection to be afforded. The Indian Fiscal Commission said that in dealing with claims for protection the Tariff Board should, in the first instance, satisfy itself that certain general conditions are fulfilled. That is to say, whether the industry is one which is likely to develop satisfactorily without protection; whether it possesses natural advantages such as the supply of raw materials, etc.; and whether it will eventually be able to face world competition without protection. The steel industry is undoubtedly, as the Fiscal Commission pointed out, an industry which is essential for the purposes of national defence. And in respect of such an industry the Commission were of the opinion that, if necessary, it should be adequately protected irrespective of whether it does, or does not, fulfil the general conditions outlined above. As a result of their enquiry the Board will be in a position to judge whether the industry, as exemplified by the one steel-making plant in India, is or is not justified in claiming protection. The Association is not, of course, in possession of all the facts and figures which are required to enable it to answer this question; but its members are very decidedly of the opinion that the indus-

trial development of India would be set back by certainly a quarter of a century if the existing works should be unable to continue to manufacture steel.

4. Hence it follows that the members of the Association, irrespective of their views on the general fiscal policy of the country, consider that the State ought unhesitatingly to come to the assistance of the steel industry if the Board are convinced that, without such assistance, the industry cannot be reasonably expected to develop on satisfactory lines. At the same time the members of the Association are unanimously and strongly opposed to State aid being given in the shape of protective duties on imported steel. The Indian Fiscal Commission refer in their report to what they call basic industries, by which term they mean industries of which the products are utilised as raw material by other industries. From one point of view the protection of such industries might be, they said, considered to be undesirable, seeing that the effect of protection would be to raise the cost of the raw material of the dependent industries. For this reason it might be found, they went on to say, that the best way of aiding a basic industry would be by a bounty rather than by protective duties. They instanced iron and steel as being a basic industry the development of which will stimulate the establishment of other industries dependent upon it.

5. This is exactly the view held by the members of the Indian Engineering Association. Steel is the raw material of the industries in which they are engaged; and a protective duty on this raw material would so increase the price of both the imported and the locally manufactured article as seriously to restrict consumption. It would thus be greatly to the detriment of all the dependent industries. Indeed it would probably mean the re-introduction of the use wherever possible of Indian timbers, which were largely used for engineering purposes before the production of steel was cheapened. Very low Customs duties on imported steel would be far more advantageous than a protective tariff, not only to the industries concerned, but to the country generally. It is true that the existing duty of 10 per cent. has not been in force sufficiently long to enable just conclusions as to its ultimate effect to be arrived at. But it is difficult to believe that so heavy a tax on the trade of the country can be really beneficial. The Association would like to see the duties on raw material—for example, steel bars, beams, angles, rounds, etc.,—on a very low scale. But with the object of encouraging local engineering industries higher rates might be charged in respect of all steel upon which work of any kind has been done, that is to say, upon all fabricated steel.

6. The recommendation made by the Indian Fiscal Commission is free of the objectionable features of a protective duty on raw materials. And the Association is of the opinion that, if the demand for the full output of the steel manufacturer is assured, and his case for State aid is established to the satisfaction of the Tariff Board, such aid might well take the form of a subsidy or bounty. This might be paid at a rate per ton of steel manufactured; and the rate might be arranged on a sliding scale based on English prices. The effect of such a bounty, coupled with low rates of Customs duties on imported steel, would be to enable the engineering industries to obtain their raw material at reasonable prices. And this would be obviously advantageous not to them only, but to the whole country, inasmuch as it would tend to increase rather than to restrict consumption. But even so these industries will not be able to develop satisfactorily without the assistance of the State in some form or other. The Stores Purchase Committee recognised that the Government must give practical encouragement to Indian industries, and must assure them of a reasonable measure of protection against outside competition. This recommendation applies with special force to the industries dependent upon steel, as these industries are called upon to face exceedingly severe outside competition. It must also be remembered that the steel manufacturer relies upon these industries to absorb his products; and unless they are maintained in a healthy condition the output of steel will not find a market.

7. The most important of the industries in question, in fact, the largest single engineering industry in India, is that of wagon-building. This industry is entirely dependent upon steel as its raw material; and it is entirely dependent on the Indian railways for orders. No private wagons are allowed to run on the Indian lines; and the only buyers of wagons are consequently the State-managed and the Company-managed railways. Seeing how closely the State exercises control over both these classes of railways it is clear that the industry must look to the State for support. It is an industry which is peculiarly suited to the Indian workman; and the Tata Iron and Steel Company have announced that, by July 1924, they will be able to supply all the required plates and sections. This means that it will then be possible to manufacture in India the complete wagon, or underframe, except the wheels and axles. The question then arises as to how the State can most effectively aid the industry. The Association recommends that the best method will be for the Government to call for tenders yearly for a certain number of wagons at competitive Indian manufacturers' prices.

8. A similar principle might be introduced for steel work of other classes. It is found that the prices quoted by foreign manufacturers for bridge and girder work are such as to give the Indian manufacturer no chance to compete. To overcome this difficulty the Government should place, say, 10,000 tons of work of this type yearly, in the country at competitive Indian tenders. Structural steel work also might be fostered in the same way. There are a number of workshops in India which can manufacture most of the Government requirements; and a considerable quantity, say 20,000 tons yearly, should be placed in the country at competitive Indian prices. The manufacture of railway requisites, such as permanent-way materials, cast-iron sleepers, etc., that can be made in India, should be similarly encouraged. A sufficient volume of work should be given to the Indian manufacturers to enable their plant to be kept continuously in operation. If these recommendations were adopted the demand for steel manufactured in India would be largely augmented.

9. It is the opinion of the members of the Association that State aid in the form suggested would promote the engineering industries more satisfactorily than protective import duties or bounties. But they wish to make it clear that, if State aid in this form cannot be given, these industries must then be assisted in the same way, and to the same extent, as the steel-making industry is assisted. They take strong exception, as they have already indicated, to protective import duties. But if it be decided to levy such on imported steel then duties to the same extent will be required on all classes of fabricated steel, if the Government cannot assist the engineering industries in the manner suggested. The same remark applies with equal force to bounties. In short the engineering industries are entirely dependent on the steel industry, and they must be aided precisely to the same extent as it is aided.

10. Finally the Association summarises its views as follows:—

(a) That if the Tariff Board find that the steel-making industry requires protection such protection should take the form of bounties rather than of import duties;

(b) That the engineering industries should preferably be encouraged and protected by guaranteed Government orders at competitive Indian prices rather than by import duties or bounties; but

(c) That if State aid in this form cannot be given, then the engineering industries should be protected by import duties, or by bounties to precisely the same extent as the steel-making industry is protected.

Statement II.—Letter from the Secretary, Indian Engineering Association, Calcutta, to the Secretary to the Tariff Board, No. 152 I.E., dated 30th December 1923.

I am diretced to refer to your letter No. 325, dated 27th September 1923, in which you ask for certain information required by the Tariff Board in connection with their investigation of the question of the proposed extension of protection to the steel-making industry.

2. The committee have considered your letter, and they have also consulted the members of the Association in regard to it. They sent to every member a copy of it, together with a copy of the report of the oral evidence tendered by the representatives of the Association on the 24th September 1923. They regret that the replies which they have received have not been so numerous as they anticipated; and that they cannot in consequence answer all your enquiries so fully as they had hoped to be able to do. But they have tried to make their answers as complete as possible in the circumstances, and for your information I detail them below.

3. In reply to enquiries (1) and (2) I send herewith a copy of the last annual report of the Association, on pages 17 and 18 of which will be found a list of members.* I also forward a copy of a list of the machinery and stores imported or manufactured by members.*

4. Your third request is for a statement showing the total quantity of steel used by members for their own manufactures for the years 1919 to 1922. This is one of the enquiries which the absence to replies from all members makes it difficult for the Committee to deal with. But from such information as they have received, they feel justified in estimating that the average total quantity of steel used yearly by the members of the Association is about 130,000 tons.

5. You next ask for a list of the principal products, manufactured by the members of the Association, of which steel is an important raw material. And you go on to request that where possible the proportion which the cost of the steel bears to the total cost of the finished product should be stated. In dealing with this request the Committee have also in mind the latter part of your second question which has reference to the kinds of machinery manufactured by members. The following list is, the Committee believe, fairly complete, namely:—river steamers; tugs; flats; barges; sheds (warehouses); pit-head gear and cages and all colliery work; chimneys; tanks and stagings; wagons and carriages; underframes; structural work of all kinds; winding engines; marine engines; pumps; sluice gates; tea machinery; presses; cranes; bridges, steel buildings; boilers; tanks and trestles; well curbs; general engineering such as haulage and tub creepers; all parts pertaining to machinery such as crankshafts; piston and connecting rods; rudders, etc. The information for which you ask in regard to the cost of the steel in these products was given by Messrs. Burn & Co., Ld. in their letter No. P3855/H, dated 31st October 1923, to the Board.

6. Your fifth request is for a list of steel castings required in substantial quantities by engineering firms in India. And you add that where possible the approximate total quantity of a particular casting likely to be required should be stated. The following list is submitted in answer to this enquiry, namely, all fittings on wagons and underframes such as axle boxes, buffer cases, bolster ends, roller paths brackets, etc., tub-wheels and miscellaneous castings. In respect of axle boxes it is estimated that about 300 tons are used annually.

7. You next ask for a statement showing the articles manufactured out of steel on a commercial scale by a dozen important firms, members of the Association, which the Association thinks ought to be protected in some way or other together with the cost of production, or the price at which the articles can be sold in this country, the quantities if any of these articles imported by the same firms and the prices at which they were imported. In reply I am to submit the following list of firms: (1) Messrs. Burn & Co., Ld.; (2) Messrs. Jessop & Co. Ld.; (3) The Indian Standard Wagon Co. Ld.; (4) Messrs. John King & Co. Ld.; (5) The Hooghly Docking & Engineering Co., Ld.; (6) The Shalimar Works; (7) Messrs. Richardson and Cruddas; (8) The Vulcan Iron Works, Ld.; (9) Messrs. Balmer Lawrie & Co.; (10) Messrs. Marshall Sons & Co. (India), Ld.; (11) The Angus Engineering Works; (12) The Rivers Steam Navigation Co., Ld. All of these firms manufacture articles similar to those enumerated in the memoranda submitted by Messrs. Burn & Co., Ld., and Messrs. Jessop & Co., Ld., to the

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* Not printed.

Tariff Board. Nos. (1), (4), (5), (6) and (12) build steamers, launches and flats in addition to undertaking structural work, and general engineering, and Nos. (1), (2) and (3) manufacture wagons and carriage underframes. The Committee think that the other points raised in the question were sufficiently dealt with in the oral evidence tendered by their representatives.

8. In your seventh enquiry you ask for a few concrete instances in which the duty on the raw material is higher than the duty on the finished product. In reply to this it is only necessary to say that the duty on all steel imported as raw material is 10 per cent. while the duty on machinery made of steel is only 2½ per cent.

9. In your second paragraph you ask two questions the first of which is as to how far the price of steel must rise before the tendency to substitute timber for steel would come into operation. In reply to this enquiry I am to refer to a statement which is annexed to this letter. It makes a comparison between the cost of timber and steel joists, and shows the prices to which steel will have to rise before timber can compete.

10. You also enquire in your second paragraph whether, if the manufacture of steel were protected either by import duties or by bounties, other firms would commence to manufacture steel and whether internal competition would within a reasonable time begin to affect the price of steel. In reply I am to say that the Committee think that if the existing import duty on steel were raised to a protective level the development of the steel industry in India probably would be promoted. They question however if it would be possible to have any new plant brought into operation in a shorter period than, say, five years.

11. In your third paragraph you raise the question of whether, in the opinion of the Association if the duty on steel exceeded the duty on wrought iron by more than 13½ per cent. wrought iron would replace steel to any appreciable extent. In reply I am to say that the Committee doubt whether the better grades of iron would be more largely used if the duty on steel exceeded the duty on wrought iron by more than 13½ per cent. They think however that common continental iron would be much more largely used, as the price of this is only very slightly higher than the price of mild steel. The following are the present prices of the various grades of wrought iron:—

	Rs.	A.	P.	
Grade B iron bars in ordinary lengths (rounds, squares and flats) . .	12	15	9	per cwt. basis price on 15th August 1923.
Grade A iron bars in ordinary lengths (rounds)	14	14	4	per cwt. basis price on 15th August 1923.
Lowmoor iron bars	25	3	3	per cwt. basis price on 22nd August 1923.

12. You further ask, in paragraph 3, for an indication as to the extent to which members of the Association use wrought iron for purposes for which it is essential; and whether they think it would be practicable to draft the tariff schedule so as to enable the Customs administration to distinguish between such wrought iron and those kinds or forms of wrought iron which might be imported to replace steel. In reply to the first part of this enquiry I am to say that wrought iron of the various grades is largely used in the manufacture of wagons, carriage underframes, rolling-stock fittings such as draw-bar hooks, axle guards, check chairs, door hinges, brake block hangers, etc. It is used also for pit cages, steam hammer pistons and in fact for anything which has to be subjected to severe shocks. The Committee estimate that the quantity used by members of the Association for purposes for which it is essential is about 13,000 tons yearly.

13. In reply to the second part of the enquiry I am to say that, in the opinion of the Committee, it would be very difficult for the Customs Officers to distinguish between wrought iron and steel, as their outward appearance is the same. The only suggestion that the Committee can make is that all

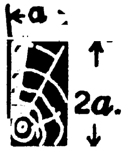
wrought iron should be required to be branded. All the wrought iron imported by the members of the Association is in fact branded.

14. With reference to your fourth paragraph I am to express the regret of the Committee that the information which they have received from members is insufficient to enable them to reply to the enquiries. Steel of a kind which is not made in India is imported for the manufacture of forgings, but to what extent the Committee are unable to indicate. It is imported as B, C, and D class steel. The Committee do not think that the Customs authorities could distinguish between this steel and other steel imported.

15. In your concluding paragraph you invite consideration of the question of the provision of a State bounty for the steel industry. You estimate that for such a bounty the sum of Rs. 1·4 crores would be required; and you ask for concrete suggestions as to how this amount could be raised by increasing the duty on finished steel products. The Committee find difficulty in making suggestions having this end in view. But they think that consideration might be given to the adoption of the suggestion made by the Indian Fiscal Commission in paragraph 285 of their report. The Commission suggested that Customs duty should be charged on all goods imported by the Government. For, as they pointed out, the Government is the principal buyer of goods from abroad, but the goods that it buys pay no duty. For example all railway material imported by the State for the use of the railways worked by the State comes in duty free. And, as is known to the Tariff Board, the G. I. P. Railway Co. have successfully maintained in the Bombay High Court that railway material imported by them ought similarly to be admitted without payment of duty. It is true that the decision of the Bombay High Court is being contested by the Government of India before the Judicial Committee. But, if the Judicial Committee uphold the decision, all railway material imported, whether for State-managed or Company-managed Lines, will be free of Customs duty. It is the generally received opinion in commercial and industrial circles that State commercial undertakings, including the railways, ought to justify their economic existence as commercial concerns by paying charges in the same way as other commercial concerns have to pay them. And if this rule were enforced in respect of import duties it may be that a sufficient sum would be available to pay the manufacturers of steel a reasonable bounty on a reasonable production.

Comparison of Costs of Timber and Steel Joists.

Assume that the timber joists are of the following cross section:—



Then the moment of inertia of this section is $\frac{8a^4}{12}$

and the section modulus. $\frac{2a^3}{3}$

The bending moment it will carry if the allowable stress is 2,000 lbs. sq. in. is $\frac{4{,}000a^3}{3}$

The bending moment a steel joist will carry if the allowable stress is 16,000 lbs. sq. in. is 16,000 × modulus.

Therefore there is the following relation between steel and timber joists of equal strength modulus of steel joist × 16,000 = $\frac{4{,}000a^3}{3}$ a modulus (steel) × 12.

To find dimensions of timber joists of strengths equal to 10″ × 5″ × 30 lbs. and 9″ × 4″ × 21 lbs. steel joists.

(1) 10″ × 5″ × 30 lbs. R. S. J. Modulus 29·12
$a^3 = 349{\cdot}44$
$a = 7$ Timber joist section 7″ × 14″

(2) 9″ × 4″ × 21 lbs. R. S. J. Modulus 18·02
$a^3 = 216{\cdot}24$
$a = 6$ Timber Joist section 6″ × 12″

(1) To find a relation between the price of a cubic foot of timber and the price of a hundred-weight of steel in order that a timber beam 6″ × 12″ shall cost the same as a 9″ × 4″ × 21 lbs. R. S. J.

Volume of timber in 1 lineal foot of joist

$$= \frac{6 \times 12}{144} \text{ c. ft.}$$

$$= \tfrac{1}{2} \text{ c. ft.}$$

Weight of steel in lineal foot of joist

$$= 21 \text{ lbs.}$$

Therefore 21 lbs. of steel must cost the same as ½ c. ft. of timber or 1 cwt. of steel must cost the same as 2⅔ c.ft. timber.

(2) In case of timber beam 7″ × 14″ and steel joist 10″ × 5″ × 30 lbs. 30 lbs. of steel must cost the same as 98/144 c.ft. timber or 1 cwt. of steel must cost the same as 2⅝ c.ft. timber which is practically the same result as (1)

If we assume that we can buy teak beams at Rs. 5 per c.ft. steel will have to rise to Rs. 13-5 per cwt. before timber can compete with it.

With timber at Rs. 6 per c.ft. steel will have to rise to Rs. 15 per cwt. before timber can compete.

Statement III.

(a) *Letter No. 325, dated Calcutta, the 27th September 1923, from the Tariff Board, to the Secretary, the Indian Engineering Association.*

In the course of the examination of the representatives of the Indian Engineering Association on the 24th instant, the Tariff Board asked for information on certain points and as the representatives were unable to furnish the information required at the time, it was agreed that the Board should address your Association formally on this subject. I am now directed to request that, if there is no objection, the Board may be furnished with information on the following points:—

(1) A list of firms who are members of the Indian Engineering Association.

(2) A list of firms (being members of the Association) who manufacture machinery in this country, and the kinds of machinery they manufacture.

(3) A statement showing the total quantity of steel used by the firms, who are members of the Association, for their own manufactures, for the years 1919 to 1922.

(4) A list of the principal products manufactured by the members of the Association of which steel is an important raw material. Where possible the proportion which the cost of the steel bears to the total cost of the finished product should be stated.

(5) A list of the steel castings required in substantial quantities by engineering firms in India. Where possible the approximate total quantity of a particular casting likely to be required should be stated.

(6) A statement showing the articles manufactured out of steel on a commercial scale by a dozen important firms who are members of the Association, which the Association think ought to be protected in some way or other, together with the cost of production of these articles, or the price at which they can be sold in this country, the quantities, if any, of these articles imported by the same firms and the prices at which they were imported.

(7) A few concrete instances of cases in which the duty on the raw material is higher than the duty on the finished product.

2. The Board will also be glad to have the views of the Association on the following questions:—

(*a*) How far the price of steel must rise before the tendency to substitute timber for steel would come into operation?

(*b*) Whether, if the manufacture of steel were protected either by import duties or by bounties other firms would commence to manufacture steel and whether internal competition would within a reasonable time begin to affect prices of steel.

3. It has been suggested to the Board that, if the price of steel were raised substantially by an increase in the import duty, there would be a tendency for wrought iron (particularly as small and medium bars) to be used for some of the processes for which steel is now used, and the Tata Iron and Steel Company have asked that, if the duty on steel is raised to 33⅓ per cent. that on wrought iron should be raised to 20 per cent. On the other hand wrought iron is used for certain purposes for which its special properties are essential and any increase of duty would handicap these uses without assisting any Indian industry. The Board would like to know:—

(*a*) whether in the opinion of the Association if the duty on steel exceeded the duty on wrought iron by more than 13⅓ per cent. wrought iron would replace steel to any appreciable extent;

(*b*) the extent to which members of the Association use wrought iron for purposes for which it is essential; and

(*c*) whether they think it would be practicable to draft the tariff schedule so as to enable the customs administration to distinguish between such wrought iron and those kinds or forms of wrought iron which might be imported to replace steel.

4. The Board were informed at one engineering works which they visited that suitable steel for certain forgings (such as long shafts) could not be obtained in India. The Board wish to know (*a*) the extent to which members of the Association import steel of a kind which is not made in India (or is not likely to be made within, say, the next 2 years) for the purpose of manufacturing forgings, (*b*) the extent to which forgings made of steel of this kind are imported by the members, and (*c*) whether the steel or the forgings are of such a nature that it would be practicable for the customs administration to distinguish such steel from other steel or forgings made from such steel from other forgings.

5. In their memorandum, dated the 17th July 1923, the Association have suggested that, if it is found that the steel-making industry requires protection such protection should take the form of bounties rather than of import duties. It was also suggested by the representatives of the Association that the necessary money for giving the bounty should be found by increased duties on articles manufactured from steel. As your Association are aware the Tata Iron and Steel Company have asked for a protection of 33⅓ per cent. As there is already a duty of 10 per cent. on imported steel the additional protection required is 23⅓ per cent. Taking the price of steel at Rs. 150 per ton and the output of the Tata Company at 400,000 tons the money required for a bounty of 23⅓ per cent. would amount to 1·4 crores approximately. The Board will be grateful if the Association can make concrete suggestions for raising this additional revenue by increasing the duty on finished products of steel.

(b) *Circular letter No. 137-I.E., dated Calcutta, the 13th October 1923, from the Secretary, Indian Engineering Association, to all Members of the Association.*

In continuation of my Circular No. 99-I.E., dated 2nd August 1923, I am now directed to invite your urgent attention to the subjoined letter,[*] dated 27th September, from the Secretary to the Tariff Board. I am also to submit, for your information, a full report of the oral evidence tendered by the representatives of the Association (Mr. A. Cameron, M.I.M.E., Chairman, Mr. J. D. Balfour and Mr. H. E. Skinner, M.L.C.) to the Tariff Board on the 24th September.

2. The Committee of the Association wish to impress strongly upon members the necessity for all engineering firms to do their utmost to help the Tariff Board in the investigation which it has undertaken. So far the replies from engineering firms to the questionnaire, which the Board have circulated, have been few in number. The result is that the Board are experiencing considerable difficulty in obtaining the information that they must obtain in order to complete their enquiry. They have appealed to the Association in the matter and in the letter, dated 27th September, they have indicated the specific points in respect of which they urgently want information. It is possible for the Committee of the Association to deal with certain of these points, but in regard to the majority of them answers from members are essential. I am, therefore, to express the earnest hope of the Committee that every member of the Association will give most careful attention to the letter and will favour them with a reply *at the earliest possible moment and in any case not later than the 31st October.* The report of the oral evidence which was tendered on the 24th September will make clear to members the position which the enquiry has so far reached, and will also show why it is that the particulars asked for in the letter of 27th September are required.

(c) *Letter No. 2407-23, dated 27th October 1923, from Alcock, Ashdown & Co., Ld., to the Tariff Board.*[†]

In reply to your No. 325, dated Calcutta, 27th September 1923, to the Secretary of the Indian Engineering Association, we have the honour to enclose 2 copies of our replies to your questionnaire in so far as it applies to this firm.

Replies to questionnaire.

Question 1.—(1) }
(2) } Do not apply to us.

(3) Regret the information is not available.

(4) Steel structural work, tanks, chimneys, tug and large building, mill gearing (in the form of shafting).

(5) This firm uses hardly any steel castings.

(6) The question only affects this firm in so far as shipbuilding, structural works and tanks are concerned where without protection the article would be cheaper to manufacture abroad, import in sections and merely rivet together in this country. It will seriously affect the cost of ship repairs with a resultant decrease in the amount of work done in the country.

(7) In the case of mill shafting imported the duty is 2½ per cent. while the duty on the raw material is 10 per cent.

Question 2.—(a) This would we think only affect the building trade where wooden beams could be used in place of steel.

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[*] Not printed.

[†] Sent at the instance of the Indian Engineering Association, *vide* the Association's Circular, printed above. Messrs. Alcock, Ashdown & Co., Ld., did not give oral evidence.

(*b*) We think lack of capital might delay this.

Question 3.—(*a*) Wrought iron could in many cases be used as a substitute for steel.

(*b*) Figures not available.

(*c*) We don't think it would be possible.

Question 4.—We do not make any great use of large size steel.

Oral evidence of Mr. A. CAMERON, Mr. H. E. SKINNER and Mr. J. D. BALFOUR, representing the Indian Engineering Association recorded at Calcutta on the 24th September, 1923.

President.—I should like to say at the outset that the Board are much indebted to the Indian Engineering Association for having gone into the matter so fully and explaining their views so clearly. Of course you will easily understand that without the co-operation of the Engineering industry generally and, in fact, of all the industries which are concerned with steel it is practically impossible for the Board to do its work at all.

The first thing I would like to ascertain is this: Could you supply the Board with a list of firms who are your members?

Mr. Cameron.—Yes. We shall send you a list.*

Mr. Ginwala.—Is the Metallurgical Association a part of your Association?

Mr. Balfour.—It stands by itself.

Mr. Mather.—Are other firms who are members of the Metallurgical Association also members of your Association?

Mr. Balfour.—Yes. The Tata Iron and Steel Company for instance.

President.—I gather from the memorandum which has been sent in that the Association as a body consider that it is very desirable that steel should be manufactured in India and it is desirable in the interests of the engineering industry itself.

Mr. Cameron.—Yes.

President.—I take it that what it comes to is this that, unless steel is manufactured in India, the engineering firms being dependent to a large extent on imported raw materials could always be represented as only middleman who carried out a few of the intermediate processes between the foreign producer and the Indian consumer. I think that in pre-war days when the wagon-building industry made representations to the Government the accusation was sometimes made that after all a very small proportion of the materials was made in India and it was really not an industry in the full sense.

Mr. Cameron.—That was so, so far as the wagon industry was concerned.

President.—That, I think, was the allegation made.

Mr. Skinner.—We were merely assemblers in those years. That statement is less correct to-day.

President.—It has this much in it that all the engineering industries would stand on a much more solid basis if the materials they use were to a large extent produced in this country.

Mr. Cameron.—Yes.

President.—The position of the Association is that, if the manufacture of steel cannot exist in India without assistance from Government, such assistance should be given.

Mr. Cameron.—That is the view of the Association.

President.—I do not think that you have expressed any definite opinion on behalf of the Association as to whether they consider such assistance is necessary or not.

Mr. Cameron.—They have not given any definite expression of opinion.

President.—I take it it is always difficult for an Association consisting of a large number of members to express a definite opinion on such a question, because the opinions of individual members might sometimes differ. At any rate you have not expressed an opinion?

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* Not printed.

Mr. Cameron.—No.

President.—The question comes to this: assuming that assistance is necessary in what form it should be given. What the Association have said is that they think that the best method is by Government giving bounties for the manufacture of steel.

Mr. Cameron.—Yes.

President.—What we were told by the Tata Iron and Steel Company when we were at Jamshedpur was that they expected by 1925, (that was the date they gave) when the extensions would be in full operation they would be in a position to turn out 400,000 tons of steel a year and what they asked for was for 33⅓ per cent. protection on the basis that the imported price would be in the neighbourhood of Rs. 150 a ton and that they would produce steel at a profit at or below Rs. 200. So that the bounty they would claim was something like Rs. 50 a ton. Rs. 50 a ton on 400,000 tons would mean Rs. 2 crores annually. In the present state of the finances of India is that a practical proposition?

Mr. Cameron.—I should certainly say not. The need to-day is for retrenchment in every avenue of expenditure.

President.—Is there any way in which the difficulty can be got round? We have got to find the money before we can pay it to anybody.

Mr. Skinner.—Would Tatas want a subsidy on 400,000 tons? Does that include rails?

President.—It is the total output of rolled steel: they may be slower in attaining that figure than they expected.

Mr. Skinner.—I think they only want it on sectional steel which would perhaps bring it to 300,000 tons. If we exclude rails the total sale to engineering firms would only come to 300,000 tons.

President.—I have not got with me at the moment the statement they gave showing roughly how they expect their production to be divided. But I do not think that the rails came to anything like 100,000 tons.

Mr. Ginwala.—It comes to about 60,000 tons and will diminish as the contract expires.

Mr. Mather.—I think it must be nearly 100,000 tons.

Mr. Skinner.—That would leave 300,000 tons to give a subsidy on.

Mr. Mather.—It costs as much to produce a ton of finished rail as a ton of finished beam.

President.—If it is proposed that the assistance should be given in the form of bounties there is a very great practical difficulty. In the case which the Tatas put before the Fiscal Commission, what they proposed at that time was that the duty should be raised to 15 per cent. and the remaining 18⅓ per cent. should be given as a bounty. Whether it was intended that the extra five per cent. should to a large extent provide the money necessary to pay the bounty I do not know. It may have been partly that. That could be one method by which the thing could be done. That is to say the expenditures on the bounties would be met by an increase in the duty on imported steel. I do not know whether on behalf of the Association you would be prepared to express an opinion on that.

Mr. Cameron.—The opinion of the Association is this. During the Fiscal Commission enquiry the duty on steel was raised from 2½ to 10 per cent. They really feel that rather than increasing the duty any further the question should be examined whether it should be reduced.

President.—But supposing the position is like this, that a certain amount of assistance is necessary if steel manufacture is to go on at all and Government is not in a position to find money to pay the bounty, what is to be done?

Mr. Cameron.- Increase the duty on manufactured articles coming into the country.

President.—I am trying to get at the opinion of the Association.

Mr. Cameron.—There should certainly be no increase of duty on raw materials. We want our raw materials free. Any revenue necessary should come from the finished goods.

President.—If it is necessary to obtain by taxation of some kind the money required for a bounty it ought to be by increasing the duty on finished goods. Do you want this to be done on all kinds of finished goods or on particular kinds of finished goods?

Mr. Cameron.—The position of machinery manufacture in India at present is not an enviable one. They have in many cases invested large sums of money on factories and on the development of their works under the impression that they would receive more consideration and support from Government but the necessity of the Finance Department has driven Government to such a stress that they had to put a duty of 10 per cent. on steel whereas the duty on machinery was allowed to be 2½ per cent.

President.—You will see at once that the question of higher rates of duty on imported machinery would raise issues which would affect every industry in the country and it is rather beyond the scope of our enquiry at present. I do not say it is not connected with it, but it is very difficult to deal with it as a side issue to the question of steel. But while we are on that point I may say that the Board have not succeeded even in getting any sort of list of the firms who manufacture machinery in this country and the kind of machinery they manufacture. Would it be possible for the Association to supply it?

Mr. Skinner.—Here is a classified list of articles manufactured by the Members of the Association, showing those who make the articles here and those who import.*

President.—In the manufacture of machinery steel is not the only raw material used. There is a good deal of cast iron and in respect of cast iron India has an advantage rather than a disadvantage so that it would require rather a careful enquiry to discriminate between the various kinds of machinery. If cast iron happens to be the principal raw material for a particular machinery there is really no case for anything in the nature of protection, so that a mere increase in the duties on imported machinery would not carry us far. It is really a separate question that will have to be rather closely examined.

Mr. Cameron.—Yes. It requires careful examination.

President.—Perhaps your reply comes to this: that you consider that the money might be found, if it is to be found through the Customs tariff, by an increase in the duty on finished products and naturally you would prefer an increase in the case of finished products of the engineering industry. Does that fairly represent the view of the Association?

Mr. Cameron.—I think you can take it at that.

President.—You do not wish to supplement it in any way.

Mr. Cameron.—No.

President.—I would like to go on to a different point. You say in paragraph 5 of your memorandum "that an increase in the duty of steel would probably mean the re-introduction of the use wherever possible of Indian timbers which were largely used for engineering purposes before the production of steel was cheapened." Is it possible to get in any way the period when the change from timber to steel took place for building purposes? Can you put it at 10 years as about the time when the change took place?

Mr. Balfour.—Even now some people prefer wood to steel. It is very difficult to say.

Mr. Cameron.—There are still a large number of wooden boats.

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* Not printed.

President.—I thought you were referring to timber for building purposes. I now see that you are referring to all engineering purposes. How many things does that cover?

Mr. Cameron.—Building is one of them, replacing steel beams by wooden beams, shipbuilding and so on.

President.—Is there anything else of importance?

Mr. Cameron.—No. They are the two principal items.

President.—Are you thinking of imported timber or Indian timber? Take the case of Calcutta; what timber would you use chiefly for engineering purposes and where would it come from and how would it get to Calcutta?

Mr. Cameron.—Teak from Burma.

President.—Is that the most important timber?

Mr. Cameron.—Yes. That is what happened during the war when we could not get steel.

President.—How does the price of teak to-day compare with the price in 1913?

Mr. Cameron.—My experience in India is only 3½ years.

Mr. Balfour.—I cannot tell you but roughly it was Rs. 160—180 per ton in pre-war days and Rs. 240—260 per ton (first class teak) to-day.

President.—The increase is roughly 40 per cent. as compared with the pre-war price and in that case it is comparable with the increase in the price of structural steel. They are relatively in much the same position as they were before the war.

Mr. Cameron.—That is so.

President—I take it that so far as building is concerned timber cannot replace steel for a good many kinds of work?

Mr. Balfour.—No.

President.—In the case of more modern types of buildings in Calcutta it is a case of steel or nothing. But in the building of older type steel joists may be replaced by wooden beams?

Mr. Skinner.—The Indian builder in the bazaar will revert to the old ways.

President.—In the mufassal it will probably be local timber that will very likely replace steel beams.

Mr. Balfour.—Yes.

President.—In the post-war year (1919, 1920 and 1921) the price of steel was still pretty high. Is it possible to say whether during those years steel was regaining its position as compared with timber?

Mr. Cameron.—I should say no.

President.—Has steel recovered its position now as things stand at present? Is there any way by which it would be possible to ascertain just what was going on in that respect, to trace any increase in the use of steel for building purposes?

Mr. Cameron.—We cannot give you a reply without consulting other members. We might if you wish it circulate to our members asking them to give the amount of steel they used during those years.

President.—It would be interesting to have the figures from 1919 onwards as regards the amount of steel used by the members for building purposes and their prices each year.

Mr. Balfour.—It is very difficult to get this information. It would probably be better if you asked for the total consumption.

President.—But that would not clear up this particular point.

Mr. Cameron.—It will be very difficult to get it out of members. There is more chance of getting it if you ask for the total output.

President.—Also there is a good deal I take it that is sold to Indian contractors which is going to be used for building purposes. What we are trying to get at is the possibility that a rise in the price of steel might diminish the market for steel. That is the fundamental point I have in mind. Really as regards the total increase the trade returns give you as much information as you are likely to get from anybody else.

Mr. Balfour.—I thought you wanted the total fabricated material required in the engineering work.

President.—That would be very interesting to have from other points of view. If you could give us figures from the members of your Association as to the total quantity of steel they manufacture themselves or use for their own manufactures from the year 1919 to 1922 apart from mercantile business that would be helpful, but I am afraid it won't help us now.

Mr. Cameron.—Yes. We shall give you that.

President.—I take it that the Association cannot suggest any means by which we could ascertain the approximate quantity of structural steel used for building purposes.

Mr. Cameron.—I am sorry the Association cannot help you.

President.—Do you think that this tendency of substituting timber for steel would come into operation at once with any small increase in the price of steel.

Mr. Cameron.—No.

President.—How high will steel have to rise before it began to operate to any serious extent?

Mr. Cameron.—It would be very difficult to say. An increase of 25 per cent. on the price might operate to some extent.

President.—Do you mean 25 per cent. over the price prevailing to-day?

Mr. Skinner.—I think an increase of 15 per cent. on the price prevailing to-day but it is really very difficult to say.

President.—You mean that if steel does not increase beyond 15 per cent. the effect will not be very noticeable but after that the effect would begin to be marked.

Mr. Cameron.—Yes.

Mr. Balfour.—That is taking it very roughly.

President.—I quite understand that. It can only be stated in general terms.

Mr. Balfour.—We cannot arrive at any figure except by calculation.

President.—If the Association could help us by looking into the matter and letting us have a more definite opinion we would be very grateful.

In paragraph 5 of the memorandum you say that "it is true that the existing duty of 10 per cent. has not been in force sufficiently long to enable just conclusions as to its ultimate effect to be arrived at. But it is difficult to believe that so heavy a tax on the trade of the country can be really beneficial." I do not think that anybody would contend that a tax on raw materials could in itself be beneficial. It may be a price worth paying to obtain something else, but I do not think that anybody would contend that it is an advantage to the taxpayer.

Then you go on "but with the object of encouraging local engineering industries higher rates might be charged in respect of all steel upon which work of any kind has been done, that is to say, upon all fabricated steel." I would like to point out that the suggestion of special protection for the engineering industry is a little outside the reference to the Board: primarily what has been referred to us is whether the protection to steel is necessary. Then we have got to go on and consider if it takes a certain form, what effect it is going to have on industries which use steel as their raw material. The engineering industry is a very important branch of these industries, but the question of specially protecting the engineering industry goes a little beyond what strictly comes within the scope of our enquiry. There are two other questions of a general kind which I do not know whether you would be prepared to answer on behalf of the Engineering Association but I would like to put them. Are you prepared to express any opinion on the question whether, if the manufacture of steel were protected either by import duties or by bounties, other firms would commence to manufacture steel?

Mr. Cameron.—If the Board refer the matter to the Association they will be pleased to consider it.

President.—I would then refer also a further question whether the Association consider that internal competition would within a reasonable time begin to affect steel prices. That is closely connected of course with the question of other firms coming into manufacture of steel.

Mr. Cameron.—Yes.

President.—In paragraph 6 you develop your proposal for the grant of bounties to the manufacture of steel. What you say is "This might be paid at a rate per ton of steel manufactured; and the rate might be arranged on a sliding scale based on English prices." Taking as an illustration the figures which the Tatas took as their basis it would work out, when the English price was Rs. 150 a ton, to a bounty of Rs. 50. Then how would you work your sliding scale: if the price went down to Rs. 140 or rose to Rs. 160 what will be the effect?

Mr. Cameron.—The bounty will go down or up automatically.

Mr. Skinner.—We do not want so much protection on girders, etc., as on wagons.

President.—It is primarily a question of the manufacture of steel and the question of the further processes through which the raw material goes is a separate one which will come later on. What Tatas told us was that the price of steel rails is very often taken as the base price, and the prices of other products are regulated by the addition of recognized extras on the base price. In the main the amount of the bounty would depend on the variations in the base price. How would you propose that the English price should be ascertained?

Mr. Balfour.—It can be ascertained from any of the Trade journals or from the Ironmonger.

President.—Would that be sufficient. After all it is going to be the basis for paying considerable sums of money to the manufacturers. I have no doubt that the quotations in the British Trade papers are very accurate but still there are difficulties. We have to take into account not only the British price but also the export price.

Mr. Cameron.—The Stores Department of the Government of India will be able to give you information.

President.—It will be necessary to have some sort of machinery to ascertain the prices. Would you propose that the basis taken should be f.o.b. in England or the c.i.f. price here.

Mr. Cameron.—F.o.b. price in England *plus* freight and insurance.

President.—That is c.i.f. Do you think it would be easy to ascertain it in India or in England?

Mr. Balfour.—In England I think.

President.—What sort of system would you propose? The average price should be ascertained every quarter and the bounty paid accordingly on the production for that quarter.

Mr. Cameron.—Yes.

President.—Then practically what it comes to is that it would be necessary to fix a fair price for the Indian manufacturer of steel and the difference between that and the actual average British price after taking into account insurance and freight, etc., would automatically be the bounty.

Mr. Balfour.—Yes. But it will vary from month to month or rather from quarter to quarter.

President.—What about the possibility of Continental competition? Is there not a difficulty there? Supposing that the Belgian, French or the German price is considerably below the British price what would you suggest?

Mr. Cameron.—The Association would give preference to the British manufacturers.

President.—We are trying to determine the proper bounty which the Indian manufacturer should receive (it does not matter where the steel comes from). If steel can come into India much below the British price he may be undercut in spite of the bounty by the Continental manufacturer.

Mr. Cameron.—There is a great difficulty there.

President.—It is for that reason that the question comes up whether it would not be better for us to ascertain the price in India supplemented if you like by special enquiries in England.

Mr. Balfour.—If a 33⅓ per cent. duty is put on imported steel it really gives the Continental manufacturer a greater advantage.

President.—Why?

Mr. Balfour.—The British steel costs you £10-10: you add 33⅓ per cent. on £10-10. The Continental steel costs £8-10 and you add 33⅓ per cent. on it. That will make the difference greater and will put the British manufacturer at a disadvantage.

President.—That can be got over in another way.

Mr. Mather.—We are not trying to consider now how to deal with countries with a specially low currency. For instance, the trade returns show that during 1922-23 out of 192,000 tons of bars and channels imported into India only 23,000 came from the United Kingdom.

Mr. Balfour.—You cannot take the figures for 1922-23: it would be better to take the amount imported in pre-war years.

Mr. Mather.—In the case of materials like that which comes almost entirely from the Continent, possibly the Continental price may be regarded as a fairer basis. There is no easy method of ascertaining the prices in the Continent and Mr. Rainy wants to know whether there is any method of ascertaining the prices in India. Is there any quotation in Calcutta or Bombay of the Continental prices?

Mr. Balfour.—You can get that from the pamphlets issued by the manufacturers, Messrs. Jessop & Co., for instance.

Mr. Mather.—Is there any Iron or Steel Exchange or are there any quotations which are comparable with those of the London Iron and Steel Exchange?

Mr. Balfour.—None in India.

Mr. Cameron.—Perhaps the Tatas may be able to give you that pretty accurately.

President.—What I am really suggesting is this. I am very doubtful whether you can take the British price of the various steel products as an accurate barometer for measuring the price at which steel is coming into India.

Mr. Cameron.—We quite see your difficulty.

President.—If it were not, then it would be necessary to have some organisation in India for ascertaining the prices?

Mr. Cameron.—Yes.

President.—That makes the sliding scale a somewhat complicated business?

Mr. Cameron.—Yes, it does.

President.—Is it an essential part of your proposals that the bounty should be on a sliding scale?

Mr. Cameron.—No.

President.—It is really the principle of the bounty rather that you are interested in?

Mr. Cameron.—Yes.

President.—And the question whether it should be a fixed amount or should vary according to the price of the steel is a subsidiary point.

Mr. Skinner.—Yes, from the point of view of the Engineering Association.

President.—Let us go on to paragraph 7 which is about the manufacture of wagons in India. Would it be possible for the Association to give us a list of the firms who have actually manufactured wagons?

Mr. Cameron.—Yes, we can do that.*

President.—We know the principal ones of course but I don't think we are quite sure at present about the minor ones.

Mr. Cameron.—There are only three who are members of the Association. The Indian Standard Wagon Company, Messrs. Burn & Co., and Messrs. Jessop & Co. There is no one else.

President.—I take it that your Association would not be able to tell us whether there are others or not.

Mr. Skinner.—As we understand it there are no others.

President.—So far as you know have any other firms in India manufactured wagons in the past?

Mr. Balfour.—Not to our knowledge. There are people who have erected wagons over in Bombay and Karachi.

President.—The same work which is often done in the Railway workshops?

Mr. Balfour.—Yes.

President.—Your proposal as regards wagon here seems that Government should call for tenders for a given number of wagons at competitive Indian prices. There are only three firms who have actually manufactured and two of them are under the control of the same agency firm. Are the Association satisfied that the prices tendered would actually be competitive?

Mr. Balfour.—They have been up to now.

President.—But the competition has never been limited up till now, that is to say each Indian firm is tendering not only against other Indian firms but against British firms. But supposing these three firms are tendering there might possibly be a combination in which case prices would cease to be competitive?

Mr. Balfour.—I don't think so. All we want is fair manufacturing cost.

President.—Unless there is some real competition there is no incentive to reduce manufacturing cost.

Mr. Balfour.—Unless you place more orders with manufacturers in India there won't be any competition.

President.—Do you think if a guarantee were given that, say, 2,000 or 3,000 wagons would be tendered for in India, that other firms would enter the business and start the manufacture of wagons?

Mr. Balfour.—We think so.

Mr. Cameron.—In the same way as other firms have started to manufacture steel.

President.—That is to say British firms might establish branches of their works in India?

Mr. Balfour.—Yes.

President.—Then the Association do not consider that any further safeguard is necessary in order to protect the Government of India from having to pay too high a price for the wagons.

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* Not printed.

Mr. Cameron.—The Railway Board are quite able to look after the prices.

President.—But if the Railway Board bind themselves to place orders for so many wagons in India provided the quality is satisfactory—if a guarantee in that form is given they would have to accept the lowest Indian tenders.

Mr. Cameron.—They can fix the price for a period of years. What they could do is to place orders on a percentage profit basis and add it on to our price per wagon. They can take that at 10 per cent. profit and they may ask their own Inspectors and auditors to examine our manufacturing cost and satisfy themselves.

President.—But is that what the Association recommend? If any safeguard is considered necessary, would you consider that this would be the best safeguard?

Mr. Balfour.—If they do not accept our cost our books are open to inspection.

President.—The way I want to put it is this: assuming it was considered necessary that there should be some safeguard against unduly high prices being paid for wagons manufactured in India, would you recommend that Government should be entitled to examine the accounts of the Company and satisfy themselves that the prices were not unreasonable?

Mr. Cameron.—I think wagon manufacturers would be quite willing to conform to this.

Mr. Skinner.—When we were called on to tender, we quoted a lump sum price per wagon or, in the alternative, our manufacturing cost *plus* ten per cent.

Mr. Mather.—10 per cent. on the cost or on the capital invested.

Mr. Skinner.—10 per cent. on the cost. This is what the Association wrote to the Government of India on the 7th June 1923: "They are also prepared to undertake the supply of wagons for next year's requirements on the basis of cost *plus* 10 per cent. They will submit all their books for audit by the Government; and they will give a guarantee that the price paid for steel, materials and fittings shall not be in excess of the market prices and that present prices for labour shall be charged without enhancement." This would be an assurance that no large profits are looked for and it would, at the same time, convince the Government that the prices quoted by the Indian manufacturers are reasonable.

President.—If a safeguard were considered necessary that might be a part of the arrangements?

Mr. Cameron.—That could be arranged.

President.—And you would prefer that to any other arrangement that you could think of.

Mr. Balfour.—We think we will get competitive prices.

President.—I gather that in your opinion any such special safeguard is not necessary but if Government take the other view that there must be one, they might have this safeguard.

Mr. Balfour.—That could be adopted.

President.—Then, over the question of wagons, such a guarantee would no doubt be given by Government on behalf of the State Railways; but what about the Company railways?

Mr. Balfour.—I think there will be sufficient wagons from the State Railways to keep the wagon manufacturers fully employed.

President.—Would not the guarantee raise the cost of wagons to the State Railways disproportionately?

Mr. Balfour.—The English prices would automatically increase should Government give us a guarantee to place orders with us.

President.—I don't quite follow.

Mr. Balfour.—Our contention is that at present the prices of English wagons are dumping prices with a view to kill the industry here. If the Government can guarantee us orders there is no reason why the dumping prices should continue. The prices will automatically rise.

President.—But for such orders as are left you cannot prevent the British manufacturer from competing.

Mr. Cameron.—British manufacturers are selling to-day at prices which do not cover their overhead charges.

President.—That is to say a large part of the differeuce between Indian price and the British price is accounted for simply by dumping. They are selling below the full cost of manufacture. Do you contend that covers the whole of the difference between the English price and the Indian price?

Mr. Balfour.—We think so.

President.—Assuming that Rs. 3,500 is below the full cost of manufacture and does not cover overhead charges, even so it does not follow that Rs. 4,600 would be a price that will leave them no margin.

Mr. Balfour.—Rs. 4,600 would not leave them any margin.

President.—I am not expressing any opinion myself but I am putting the question. Is it the opinion of the Association that unless the British manufacturer charges about Rs. 4,600 he is not charging a fair price?

Mr. Balfour.—No. At the time Rs. 3,500 was quoted by British manufacturers our price was close on Rs. 5,000.

President.—When we took evidence on behalf of the Standard Wagon Company the proposal was that the amount of protection required by the wagon industry, if it were given in the form of protective duty, would be about 33⅓ per cent. I think we went into it and ascertained from Mr. Cochran that roughly taking Rs. 3,500 as the price of the imported article 33 per cent. addition would mean something like Rs. 4,600 or Rs. 4,700 as the price of manufacture in India. That is where I got that price. On that basis he thought the Indian manufacturer could carry on. I am now trying to ascertain whether it is the view of the Association that the British manufacturer cannot charge less than that and make a profit.

Mr. Balfour.—That is correct and we are getting that figure now from England.

President.—If the guarantee was given solely on behalf of the State Railways it might happen that there might be very little left for the British manufacturer so far as the State Railways are concerned, but there is a very considerable sphere where the British manufacturer can do business, I mean the Company Railways and the price would surely be determined by a competition between the firms?

Mr. Skinner.—I would refer the Board to paragraph 12 of our representation to the Government of India, dated 7th June 1923.

President.—This is the paragraph in which you said that the second lowest tender was in excess of the lowest to the extent of no less than £100,000. We endeavoured to ascertain what that meant per wagon but we found it impossible to do so because Mr. Cochran could not tell us how many wagons were included in the tender.

Mr. Balfour.—We also asked Government but they never replied to that.

President.—If you are in a position to supply us with evidence that, assuming that all overhead charge is covered and a reasonable profit is earned, the British manufacturer cannot produce at a lower price than the Indian manufacturers we shall be very glad to have that.

Mr. Balfour.—We cannot get that from the Association: it is a matter for individual firms and that is being done.

President.—The case of the Association is that apart from dumping the Indian wagon manufacturer is already in a position to compete with the British manufacturer. You go on to suggest that a similar guarantee might be given in the case of bridge work, girder work and also in the case of structural work. You suggest 10,000 tons a year of bridge and girder work might be guaranteed and 20,000 tons of structural work. Well, who is to give the guarantee in the case of these things?

Mr. Balfour.—State Railways and the Public Works Department.

President.—You suggest that the guarantee for bridge and girder work might be given by the Public Works Department. But the Government of India are not in a position to give a guarantee on behalf of the provinces. Under the Reforms each Province stands on its own legs. In the old days the Government of India could have given a general guarantee which could have been apportioned between the different provinces. But now the position is different. If it is merely a question of the Railways the thing can be done, but if you bring in all the other Government departments that use girder and bridge work and structural steel, it is very difficult to imagine any arrangement by which a general guarantee could be given on behalf of them all.

How long is it since this extreme competition as regards structural work has come into existence?

Mr. Cameron.—About two years.

Mr. Skinner.—Ever since there was unemployment in England.

President.—Do you contend that this is also a case of dumping?

Mr. Cameron.—I don't think there is much dumping in bridge work and structural work. It is more due to the general position of trade.

President.—It is not your case as regards this class of material that you can establish the fact that they are being sold somewhat below the cost of production?

Mr. Balfour.—I think they are quoting below the cost of production but not to the extent as wagons. We know that the home makers are getting nothing out of structural work but how much undercutting they are doing it is very difficult to get at.

President.—I take it that there are many more firms doing structural work and bridge and girder work.

Mr. Cameron.—Practically all the members of the Association (41 in number) do that.

President.—In that case there is plenty of competition within India itself?

Mr. Balfour.—Yes.

President.—In paragraph 9 you say "They wish to make it clear that, if State aid in this form cannot be given, these industries must then be assisted in the same way and to the same extent as the steel making industry is assisted." I am not quite sure that I follow that. Why should the engineering industry receive State aid to precisely the same extent? What exactly is the connection?

Mr. Balfour.—We want to be left in the same position as we are.

President.—The words that raise a difficulty are "precisely the same extent." I took it that you mean that, if a duty of 33⅓ per cent. were put on steel, the same duty should be put on everything manufactured by you.

Mr. Cameron.—That is really the view of the Association that we should be left as we are at present.

President.—In the case of each product would it not depend on the proportion the cost of steel bears to the total cost of the article and the increase in the duty or bounty would have to be regulated accordingly.

Mr. Cameron.—Yes.

President.—Does not that almost necessarily involve taking almost each product separately or at any rate in considerable detail and classification?

Mr. Skinner.—You can group them.

President.—Anyhow a good deal of classification is necessary?

Mr. Cameron.—It practically means that each firm would have to indicate the proportion of manufactured steel against the finished article.

President.—What I was going to ask was this: whether it would be possible for the Association to compile from the members a list of the principal products of which steel is an important raw material and the proportion which the cost of steel bears to the total cost.

Mr. Cameron.—I take it that the Board have sent in their questionnaire to all members of the Association.

President.—I imagine to every member of the Association, but we are not receiving a great many replies.

Mr. Cameron.—The Association may find it difficult to ascertain their views, but certainly they will try.

President.—Practically it comes to this that, if the engineering industries are to be left in the same position as they are in at present, it seems inevitable that the thing should be gone into in detail. Different firms may give different answers as to the proportion which the cost of the raw steel bears to the cost of the finished products. If the Association dealt with the matter it might be able to give average figures which all its members would accept.

Mr. Balfour.—It would be very difficult to arrive at a figure where most of the firms are dealing in miscellaneous goods. They have never concentrated on the manufacture of specific articles. It may happen that they would never manufacture a particular article again for ten years and it is impossible to give you an average. We are looking into it but do not see a way out of the difficulty, and with an increased tariff on steel, pig iron will be more largely used instead of steel in the manufacture of these miscellaneous articles.

President.—No tariff devices can prevent that. Cast iron being a purely Indian product you cannot by any tariff device prevent that from being used. There is another point in connection with this paragraph which I should like cleared up. Assuming that protection is given to the manufacture of steel entirely by bounties then no question would arise of any sort of protection being afforded to the general engineering industry.

Mr. Cameron.—General engineering does not require protection. But we want protection for wagons.

President.—Apart from the wagon question am I right?

Mr. Cameron.—It should include bridge and structural work.

President.—Supposing protection to steel took the form of a bounty what is your position as regards things like bridge work and structural work?

Mr. Cameron.—That would have to be ascertained from individual firms. The Association are not in a position to express an opinion.

President.—All I wish to ascertain is whether the Association has any recommendations to offer on that basis.

Mr. Balfour.—I am afraid they cannot give sufficiently detailed figures.

President.—We have been hearing evidence from two firms that have recently begun to manufacture steel castings in India. I was wondering whether it would be possible for the Association to compile a list of important steel castings required by engineering firms in India. I do not require an exhaustive list but only want a list of castings required in substantial quantities.

Mr. Balfour.—We can only give you that so far as the wagon industry is concerned.

President.—There are firms manufacturing machinery here and I understand a certain number of castings are required by them. If you can tell us definitely that the only important ones are connected with railway rolling stock and so on and that the rest are for miscellaneous work and are of little importance, that will be useful.

Mr. Cameron.—I would not say that. What I say is that it would be difficult to give the tonnage of the miscellaneous castings outside the wagon industry.

President.—What I want is merely a list of such steel castings as the engineering firms require in substantial quantities. But it will be very useful to have detailed figures wherever possible.

Mr. Balfour.—Burn & Co. are going to give you the tonnage of steel castings used in 1922-23 in the whole of their works. Other firms will give you that individually.

President.—There is another question that comes up there. Are there any special castings which are not likely to be manufactured in India at all that you use pretty frequently?

Mr. Cameron.—No.

Mr. Balfour.—I don't think that any engineering firm import any castings outside the steel castings.

President.—Are there any special kind of steel castings which are not likely to be produced in India for some time to come?

Mr. Balfour.—I don't think so.

President.—It has been suggested to the Board that, if the price of steel were raised substantially by an increase in the import duty, there would be a tendency for wrought iron to be used for some of the purpose for which steel is now used. I don't know whether the Association will be able to express any opinion about that.

Mr. Cameron.—I think the Association could collect the information necessary and put it before the Board.

President.—Perhaps it would be better if we wrote to the Association about it.

Mr. Balfour.—If iron becomes cheaper than steel, then naturally they will use it.

President.—The increase in the duty would affect steel only and it would not affect wrought iron, and the difference in the price resulting from that would mean that wrought iron would begin to cut steel out. However, if we can get the views of the Association that will be better, but I think it is hardly fair to ask you now to express an opinion on behalf of the Association.

Mr. Balfour.—If the price of wrought iron is cheaper than the price of steel, surely firms will use wrought iron in preference to steel where they can.

Mr. Ginwala.—You have already given a list of articles which are manufactured in this country: of course some of them do not refer to steel at all. Would it not be possible for you to go through this list and select such articles as are manufactured out of steel on a reasonable scale in this country and which you think ought to be protected in some way or other. I would not take any article which is manufactured once in 10 years. You have also got firms on your list that import these articles. I would ask you to get the figures showing the quantities imported—I mean articles for which you claim protection—and the prices at which they could be imported. Then show the cost of production of these articles or the price at which they can be sold in this country. That would give us some idea of the disadvantage in money value from which you suffer as compared with the British manufacturer.

Mr. Cameron.—Do you want information from all the companies?

Mr. Ginwala.—Some of the firms are small: you can take a dozen firms of sufficient importance.

Mr. Cameron.—Perhaps the Board would refer this question to us along with the others.

Mr. Ginwala.—We will do that. You can omit the smaller articles which you occasionally manufacture. I take it that when you manufacture an article here you obtain such of the raw materials as you can obtain locally, steel or pig or anything else?

Mr. Cameron.—We do.

Mr. Ginwala.—We know now what is manufactured or going to be manufactured in this country. I do not wish to trouble you with the question as to which of the raw materials are imported or are obtained locally.

On this question of bounties I take it you hold very strong views. If protection is given it should rather be given in the form of bounties, if the country could find the money.

Mr. Cameron.—We are strongly opposed to any increase in the cost of raw material.

Mr. Ginwala.—But bounties would not increase the cost to you.

Mr. Cameron.—The matter of bounty has reference to the protection of steel itself, not to the manufactured article.

Mr. Ginwala.—You think that as far as possible protection should take the form of bounty if the finances of the country permit. You took 33⅓ per cent. as the amount of bounty, that came to Rs. 50 a ton. But this 33⅓ per cent. includes the duty of 10 per cent. which is already put on steel. So the additional bounty would be 23⅓ per cent. that is Rs. 35 a ton. If you take 400,000 tons as the output of the Tata Company it would come to Rs. 1,40,00,000. That would be the cost to the country. If we put on a protection of 23⅓ per cent. that would include necessary railway materials.

Mr. Balfour.—That is what we want.

Mr. Ginwala.—I shall give you a few examples just to show how it works out. Carriages and wagons and parts thereof: I take 1922-23 figures—514 lakhs, 1 crore Government stores or 6 crores in all. 80 per cent. of that would be steel so that the amount would be about 5 crores. If we take 33⅓ per cent. on that alone it would come to 140 lakhs. Which course do you think would be cheaper for the country, paying this amount from the Treasury or 33⅓ per cent. on the materials imported? I have just given you one of the items, wagons only. There are other articles which will probably run into crores.

Mr. Cameron.—The figures that I have before me of imports and exports in the year 1921-22 show that iron and steel was imported to the extent of 22—23 crores.

Mr. Ginwala.—That includes railway materials. My point is this: according to your idea of bounty if you look at it in this way a good deal of the burden of 33⅓ per cent. will fall on railways. Government and the country has got 90 per cent. interest in the railways. Would it not be cheaper for the country to pay 1·40 crores to the steel manufacturer than to impose a duty of 7 crores on these figures? So that even from that point of view would you not suggest that the money should come from the treasury rather than that 33⅓ per cent. should be put on imported steel.

Mr. Cameron.—Yes.

Mr. Ginwala.—You suggest as an alternative an increased duty on finished products in order to find the necessary money. What sort of articles would you suggest to lay a duty on?

Mr. Cameron.—Tea garden machinery, engines, wagons, girders, fabricated structural steel.

Mr. Ginwala.—Instead of on steel bars and things like that?

Mr. Cameron.—Yes.

Mr. Ginwala.—Do you think that the additional amount of money that could be got by additional taxation would be sufficient to pay this bounty?

Mr. Cameron.—The Association has not tried to arrive at the figures that way.

Mr. Ginwala.—Would you like to make an attempt?

Mr. Balfour.—If the bounty is required at 1·40 crores.

Mr. Ginwala.—You may take it on the present figures that we have now, 480,000 tons. It may take five years before other firms start making steel. If you take these figures and work out we shall be grateful.

Mr. Cameron.—As an Association we object to an increase in duty because we feel that once the duty has been raised, it would be very difficult to take that off.

Mr. Ginwala.—It would be better for you if you could work these figures for us.

Mr. Cameron.—It would be difficult for the Association to get the figures necessary to prepare statistics like that.

Mr. Ginwala.—You can say the duty on a particular article is such and such. It can be increased to so much which will give an additional sum of so much.

Mr. Cameron.—The duty on machinery and finished article is 2½ per cent. while the duty on raw material is 10 per cent. there is a difference of 7½ per cent.

Mr. Ginwala.—I am coming to that. Can you indicate the sources from which you can get the 1·40 crores. A good deal has been said on the point that the duty on the finished articles is less than the duty on raw materials. I think in one case we asked for concrete instances. Can you give us a few instances in which this happens. We are concerned with steel products now. If you like you can send the information afterwards giving a few typical instances.

Mr. Cameron.—Yes. I have got some few figures here which do not go into sufficient detail—

	Rs.	
Total prime cost for a launch 70′ × 13′—6″ × 6′—9″ .	30,000	
Cost of boilers, engines, pumps and the pips which is principally copper	19,000	
The actual steel in hull is	6,000	
Splitting up the cost of machinery the boiler which is entirely steel cost	9,000	
The engines which are made up of cast iron and steel cost	3,000	(cast iron)
That leaves a balance of about Rs. 4,000 to cover miscellaneous items	3,000	(steel)

We pay 10 per cent. on steel which represents Rs. 6,000 and a duty of 2½ per cent. on Rs. 19,000.

Mr. Ginwala.—So far as the cost of steel is concerned you pay Rs. 600 duty. Suppose you import a launch it would contain the same quantity of steel, *i.e.*, worth Rs. 6,000 and you will have to pay only Rs. 150 duty on it at 2½ per cent?

Mr. Balfour.—10 per cent. duty would be put on launch. If you import a launch *en bloc* you pay 10 per cent. on the total value but if you bring it in pieces you pay 10 per cent. on the hull and 2½ per cent. on machinery. We benefit when a launch is manufactured in India.

Mr. Ginwala.—Could you manufacture engines and boilers here?

Mr. Cameron.—We manufacture engines up to a certain size but I am not sure of the boilers.

Mr. Ginwala.—Suppose you import a finished article which bears a duty of 2½ per cent. If you manufacture the same in this country by importing raw materials you have to pay 10 per cent. on the raw materials.

Mr. Cameron.—You can take the steel entirely which is required in the construction of the hull.

Mr. Balfour.—If we had to manufacture that we would have to pay a duty of 10 per cent.

Mr. Ginwala.—What do you mean by structural work? What do you include in that?

Mr. Cameron.—Steel used for the construction of buildings, sheds, jetties, water-tanks, head-gears for collieries and oil tanks.

Mr. Ginwala.—Do the British firms compete against you in these things?

Mr. Cameron.—Yes.

Mr. Ginwala.—In what way?

Mr. Cameron.—They import all the material.

Mr. Ginwala.—Does it come in as a finished product?

Mr. Cameron.—It comes in as fabricated steel.

Mr. Ginwala.—Do they sell under your prices?

Mr. Cameron.—Yes.

Mr. Ginwala.—Can you show us how you are undersold by a few instances?

Mr. Skinner.—The Association cannot but individual members can.

Mr. Ginwala.—What do you suggest as a remedy for that?

Mr. Skinner.—There must be a high duty on the fabricated material.

President.—Are you making this statement on behalf of the Association?

Mr. Skinner.—No. That is my individual opinion.

President.—We must confine ourselves to the views of the Association.

Mr. Ginwala.—In the Association itself there may be members whose interests may conflict with yours. In that case how can you give your opinion as that of the Association?

Mr. Cameron.—Ours was a combined reply.

Mr. Ginwala.—Is there not this risk? Supposing the duty on steel is increased a good deal more of iron which is locally produced will be used for structural purposes.

Mr. Mather.—Do you mean wrought iron or cast iron?

Mr. Ginwala.—I mean cast iron.

Mr. Cameron.—I do not think cast iron is likely to substitute steel. During the war we used cast iron.

Mr. Ginwala.—When the price becomes unremunerative people may use cast iron.

Mr. Cameron.—I do not think that cast iron is likely to replace steel to that extent, not at any rate for building purposes.

Mr. Ginwala.—You apprehend that timber may replace steel. Then are not the chances more in favour of iron than timber for building purposes (not for building boats, etc.).

Mr. Cameron.—Not cast iron.

Mr. Ginwala.—We saw a good deal of heavy castings for structural purposes at Kulti.

Mr. Cameron.—They are cast iron columns: they are only used to support the beams. They are all right for mills, single-storied buildings, etc.

Mr. Ginwala.—With regard to this question of wagons I think you were trying to point out to the President that if orders were guaranteed the British prices would go up. You mean that supposing they find that the price of the wagons in this country is Rs. 4,600 they will for the remaining wagons quote something like Rs. 4,500 or Rs. 4,600.

Mr. Cameron.—There is no doubt that as the wagon trade here improves prices in the United Kingdom will harden.

Mr. Ginwala.—Your contention is this: that by guaranteed orders Government really does not help you in any way except in so far as dumping is concerned.

Mr. Cameron.—At the present time the international trade of the world is absolutely suffering from acute depression so that the times are really abnormal.

Mr. Ginwala.—It follows naturally that Government will lose all round both on the guaranteed orders and on the other orders.

Mr. Balfour.—The other way of looking at it is that if they kill the wagon industry in India prices will automatically go up.

Mr. Ginwala.—So that you mean that the prices are low for the express object of killing the industry.

Mr. Cameron.—Yes.

Mr. Ginwala.—Do I understand you right when I say that if the protection takes the form of bounty you do not require any bounty for your manufactured articles?

Mr. Cameron.—Not necessarily.

Mr. Ginwala.—But I understood you to say that there were certain fabricated structural materials on which you wanted a protection of 33⅓ per cent. assuming that protection on steel took the form of bounties.

I want to know what the opinion of the Association is in regard to the articles that they need protection on assuming protection in the case of steel takes the form of bounties.

Mr. Cameron.—Wagon and Structural materials.

Mr. Ginwala.—Do you suggest a bounty in the case of steel industry and a duty on fabricated structural material coming into this country?

Mr. Cameron.—You may get it from individual firms.

Mr. Ginwala.—As the Association has made a definite proposal I thought it would be better to get a definite view from them.

Mr. Skinner, you gave evidence before the Fiscal Commission. Have you read your evidence?

Mr. Skinner.—No.

Mr. Ginwala.—Would you like to take a copy and bring it up to date?

Mr. Skinner.—Yes.

Mr. Ginwala.—There you stated in answer to one of the questions that the only thing in which you were not on an equality with the British workshops was in the matter of climate and it was very difficult to get a man to work in hot climates. The evidence we have taken so far does not go to prove that the climatic difficulty was very great.

Mr. Balfour.—European supervision is difficult to get and you want someone to look after the labour.

Mr. Skinner.—The European supervision cannot stand the climate and we cannot get sufficient work out of the labour.

Mr. Ginwala.—The evidence is the other way. In the case of the Tinplate industry they have introduced so many devices by which the severity of the climate is very much reduced. In the open hearth also they have introduced certain methods for reducing the severity.

Mr. Skinner.—I shall alter the evidence and bring it up to date.

Mr. Ginwala.—There you have given illustrations of the way in which 2½ per cent. duty is levied on certain articles and you may also bring those up to date.

Mr. Skinner.—Yes.

Mr. Kale.—Will you give me an idea as to how much capital the members of your association represent—a rough idea?

Mr. Balfour.—You may take it at 8 millions to-day, very roughly. It was in 1915, 4 millions.

Mr. Mather.—Tata's are members of your association so your figures must be more than that.

Mr. Kale.—You have laid special stress upon the preference you think should be given to bounties over protective tariffs but you have not been able satisfactorily to show how money that will be required for these bounties should be got by Government.

Mr. Cameron.—The view of the Association is that bounties should be given in preference to tariff only if the Board is satisfied from the evidence they have taken that the industry requires assistance.

Mr. Kale.—So I assume that you propose bounties only if the Tariff Board and the Government of India are satisfied that the steel industry cannot be carried on without some measure of protection? But when that is assumed, the figure of Rs. 1·40 crores has been quoted as being required annually to pay the bounty. How is that money to be got—either by taking it from the central exchequer or by putting on a special import duty? These are the only ways in which more money can be got. Are there any ways in which this can be done?

Mr. Cameron.—We have already indicated that.

Mr. Kale.—Do you think you will be able to get the required amount by a duty on manufactured or fabricated steel?

Mr. Cameron.—We have no information as to how that heading of Steel is made up in the imports and exports of 1921-22. The figures are something like Rs. 22—23 crores. We are paying 10 per cent. on imported steel to compete with foreign machinery which are brought out here at 2½ per cent. duty. It may be necessary for us to use imported steel.

Mr. Kale.—If an additional import duty is levied on some of the articles you refer to, would it not increase the cost generally of engineering articles in this country and would it not restrict consumption?

Mr. Cameron.—We have already said that any increase in cost will reduce consumption.

Mr. Kale.—Practically it comes to the same thing whether it is an import duty or subsidy; the result would be restriction of consumption, as it will be an additional cost to the consumer in another way. You will be courting the same evils as you apprehend from an additional import duty so that your method is not very much preferable to the protective import duties so far as the results to the manufacturers and consumers are concerned? Yet you say that if Government and the country are satisfied that the steel industry cannot be carried on without a large measure of protection, then that measure of protection must be given.

Mr. Cameron.—For a fixed period.

Mr. Kale.—And also provided you get compensating protection.

Mr. Cameron.—For certain of our industries.

Mr. Kale.—I do not see the real advantage of bounties over protective duties. No doubt, generally speaking from the point of view of theory, bounties are better than import duties but from the point of view of the burden that will be actually thrown on the taxpayer, the consumer, and the industries, the result will be the same. That is the impression that has been created in my mind.

Mr. Cameron.—It is far better to throw a burden on the taxpayer.

Mr. Kale.—It comes to the same thing. You object to the import duties because ultimately the industries and the consumers will have to suffer. If the burden is thrown on the taxpayer his power of consumption will be reduced and the result will be the same.

Mr. Cameron.—If you put an increase of duty on imports you stop the imports.

Mr. Kale.—If you stop the imports the duty will not produce anything to pay the subsidy out of.

Mr. Cameron.—That is so. That will stop the revenue.

Mr. Kale.—You are aware as the President has pointed out that the finances of the Government of India will not allow them to put additional taxation to be levied in this way or to find the money from the national exchequer. It seems to me that the only alternative left will be if it is found necessary to do so at all to put on whatever protective duty is thought to be absolutely essential.

Mr. Balfour.—So far we are agreed. It is wrong to allow a finished article to come as it does below its present price. You charge a finished article 2½ per cent. and the raw materials 10 per cent. Whatever it is, whether engineering or not, our view is that finished articles should not come at a lower duty.

Mr. Kale.—You have suggested that the Government of India should call for tenders in this country at competitive rates. It comes to this: that a sort of monopoly price is to be paid to you and the difference between the English price and the price that would be paid in this country, would be a burden on the taxpayer. The railways, for instance, want so many wagons and if they are to place orders here and pay an additional Rs. 1,000 or 1,200 a wagon that means an increase in the cost, reduced railway revenue, increased freight rates or restriction of transport. So that in the long run it is a burden to the country: whether you speak of protective duties or placing orders in this country the effect is the same. You say that you do not want protective duties but you want that orders should be placed in this country at competitive prices. I do not see much difference between the two. You say that in principle you are opposed to protection and at the same time you say that orders should be placed in this country at competitive prices. You want to exclude the foreign commodities and you want your own prices to be given to you.

President.—Have the Association said that in principle they are opposed to protection?

Mr. Kale.—I am distinguishing between protective import duties and bounties, both may be covered by the general term protection. So if orders are placed in this country, as you propose, it means the same kind of burden on the exchequer, taxpayer and consumer.

Mr. Balfour.—Our contention is that as far as wagons are concerned, the price quoted by British manufacturers is a dumping price.

Mr. Cameron.—Instead of paying a monopoly price Government can take our cost price and pay 10 per cent. on it as profit.

Mr. Kale.—Is it your contention that if dumping is stopped you would not require any special treatment?

Mr. Balfour.—Except in the case of wagons and structural materials.

Mr. Kale.—Suppose it is proved to the satisfaction of Government that there is really dumping going on and English manufacturers are selling at cost price or below cost price, then what you say can be understood; but if dumping stopped then you would not ask for any special consideration or that any tenders should be specially called for in this country to the exclusion of English manufacturers.

Mr. Balfour.—Burn & Co. said, when they were examined the other day, that before the war they could manufacture at competitive prices but at present they cannot get anywhere near them. It is impossible for any firm to cut down Rs. 1,200 in two months when there is no reduction in the price of materials, etc. That is what the English manufacturers have done between August and October.

Mr. Mather.—I want information on one or two technical questions and hall put them in writing and send them to you.

Are any non-standard structural sections used in India or are they practically all British standard?

Mr. Cameron.—They are practically all British standard.

Mr. Mather.—On this question of possible replacement of steel by timber an you give us a general idea as to how many tons of teak you would equire to replace a ton of steel? We want to know that before we begin o calculate how far the price of steel will affect the use of timber.

Mr. Cameron.—We have promised to furnish information.

Mr. Mather.—How much steel is required in the form in which it is imported to make say, one ton of structural work? What is the wastage that occurs in the conversion to structural work?

Mr. Cameron.—It will be from 5 to 10 per cent.

Mr. Mather.—The President was asking you how you would propose under the bounty scheme or any other scheme to ascertain the British prices and we were told that the ordinary trade journals quoted the prices. I have here a copy of the Iron and Coal Trades Review of the 3rd August 1923 in which the price of steel rails is quoted at £9/10 a ton. We have also the following information on the same page of the journal. "Bolckow, Vaughan's will make the rails and fishplates required by the Victorian State Railways, the order for which has been placed by an Australian merchant firm, at £8/18 for heavies c.i.f. which price will mean something less than £7/10 f.o.b. Middlesborough." Which of these two prices should we take? There is a very big difference there and it will always have to be borne in mind that the quotations shown in the journals are always the seller's quotations.

Mr. Skinner.—The export prices are generally a bit lower than the Home consumption prices.

Mr. Mather.—Not £2 a ton. It is a fairly important point. What I have quoted may be an individual case; there may be other instances. But here is a copy of "Metal prices and Statistics" for 1922 published by the "Ironmonger." I will take pig iron. The average quotation for Cleveland No. 3 pig iron in Middlesborough in 1922 was 90/6½*d.* a ton. The Cleveland blast furnace men are paid on the basis of a sliding scale which depends on the actual selling cost. Consequently the figures are independently ascertained and published every quarter. The average selling cost of Cleveland No. 3 pig iron in 1922 was 88/2 shillings a ton, that is 2/4 less than the average market quotation. This is an illustration to show that the market quotation is generally higher than the actual selling price at any rate when trade is poor and if you propose any scheme which would require the Tariff Board or the Government of India to take as a basis the English price or any other price these two instances show that the ordinary trade quotation could not be taken automatically as the actual selling price.

Mr. Cameron.—That is a very important point.

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